NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

ACCESS BANK PLC

(incorporated with limited liability in the Federal Republic of Nigeria)

U.S.$1,500,000,000

Global Medium Term Note Programme

Under this U.S.$1,500,000,000 Global Medium Term Note Programme (the "**Programme**"), Access Bank Plc (the "**Bank**" or the "**Issuer**") may from time to time issue senior notes (the "**Senior Notes**") and subordinated notes (the "**Subordinated Notes**", and together with the Senior Notes, the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Notes may be issued in bearer or registered form (respectively "**Bearer Notes**" and "**Registered Notes**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.$1,500,000,000 (or its equivalent in other currencies calculated as provided for in the Programme Agreement described herein), subject to increase as described herein.

In respect of Bearer Notes, interests in a temporary global note will be exchangeable, in whole or in part, for (i) interests in a permanent global note in bearer form or (ii) for definitive notes in bearer form, in either case, on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Until the expiration of 40 days after the later of the commencement of the offering of a tranche of Regulation S Registered Notes (as defined below) and the issue date thereof, beneficial interests in a global note may be held only through a nominee for and deposited with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**").

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*" beginning on page 8.

This Base Prospectus is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the United Kingdom and/or offered to the public in the United Kingdom and/or offered to the public other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of Regulation (EU) 2017/1129 as it forms part of English law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**"). The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid. The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the United Kingdom and/or offered to the public in the United Kingdom other than in circumstances where an exemption is available under Article 1(4) and/or Article 3(2) of the UK Prospectus Regulation. Notice of the aggregate principal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the "**Final Terms**") or in a separate prospectus specified to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*", which will be delivered to the United Kingdom Financial Conduct Authority (the "**FCA**") and, where listed, the London Stock Exchange.

This Base Prospectus has been approved by the FCA, which is the United Kingdom competent authority for the purposes of the UK Prospectus Regulation, as a base prospectus issued in compliance with the UK Prospectus Regulation. The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in such Notes. In relation to any Notes, this Base Prospectus must be read as a whole and together also with the relevant Final Terms. Any Notes issued on or after the date of this Base Prospectus and which are the subject of Final Terms which refer to this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue or any Notes issued under any other base prospectus published in connection with the Programme.

References in this Base Prospectus to the Notes being "listed" (and all related references) shall mean that, unless otherwise specified in the applicable Final Terms (as defined below) or the Drawdown Prospectus (as defined below), the Notes have been admitted to trading on the London Stock Exchange's main market and have been admitted to the Official List of the FCA. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Neither this Base Prospectus nor any Notes issued under the Programme are required to be registered or cleared under the Nigeria Investments and Securities Act No. 29 of 2007 (as amended) (the "**Nigerian ISA**") and/or the Rules and Regulations of the Securities and Exchange Commission of Nigeria, 2013 (as amended) (the "**Nigerian SEC Rules**"). The Notes have not been registered with, or approved or disapproved by the Nigerian Securities and Exchange Commission (the "**Nigerian SEC**"), nor has the Nigerian SEC confirmed the accuracy or determined the adequacy of this Base Prospectus. Further, neither the Base Prospectus nor any other offering material related to the Notes may be utilised in connection with any offering to the public within Nigeria. The Notes may not be offered or sold within Nigeria to, or for the account or benefit of, persons resident in Nigeria, except to the extent that the Base Prospectus and the Notes have been registered with the Nigerian SEC and its written approval obtained in accordance with the provisions of the Nigerian ISA, other Nigerian securities law and the Nigerian SEC Rules. The Nigerian SEC has not recommended an investment in the Notes. The Notes may, however, be offered and sold in Nigeria to certain investors by private placement or as a domestic concern within the exemption and meaning of section 69(2) of the Nigerian ISA and with the approval of the Nigerian SEC. Furthermore, although the Notes may not be offered or sold to the public within Nigeria, the Issuer may apply for Notes issued under the Programme to be eligible for trading or listed on the FMDQ Securities Exchange Limited ("**FMDQ**") and/or the Nigerian Exchange Limited ("**NGX**").

Notes issued under the Programme may be rated by S&P Global Ratings, a division of S&P Global Inc. ("**S&P**"), Fitch Ratings Ltd. ("**Fitch**") or Moody's Investors Service, Inc., a subsidiary of the Moody's Corporation ("**Moody's**"), or may be unrated. Where a Series of Notes is rated, such rating will be disclosed in the relevant Final Terms or the relevant Drawdown Prospectus. The Bank's current long-term foreign currency rating by S&P is B-, its current long-term foreign currency issuer default rating by Fitch is B and its current long-term foreign currency rating by Moody's is B2. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. As of the date of this Base Prospectus, each of S&P, Fitch and Moody's are not established or registered in the United Kingdom under the Regulation (EU) No 1060/2009 as it forms part of United Kingdom domestic law by virtue of the EUWA (the "**UK CRA Regulation**")but credit ratings issued by S&P have been endorsed by S&P Global Ratings UK Limited, credit ratings issued by Fitch have been endorsed by Fitch Ratings Ltd and credit ratings issued by Moody's have been endorsed by Moody's Investors Service Limited, each of which is an entity established in the United Kingdom and included in the list of registered credit rating agencies published by the FCA on its website (https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras) in accordance with the UK CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Whether or not a rating in relation to any Series of Notes will be treated as having been issued by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation will be disclosed in the relevant Final Terms or the relevant Drawdown Prospectus.

The Notes have not been, nor will they be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and any Notes issued in bearer form will be subject to U.S. tax law requirements. The Notes may not be offered or sold or, in the case of Bearer Notes, delivered in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*".

The Bank may agree with any Dealer and Citibank, N.A., London Branch (the "**Trustee**") that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a Drawdown Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arrangers and Dealers

Absa	**Barclays**	**Citigroup**	**J.P. Morgan**	**Renaissance Capital**	**Standard Chartered Bank**	**Mashreqbank plc**

Dealers and Financial Advisers to the Issuer

Chapel Hill Denham	**Coronation Merchant Bank**	**Rand Merchant Bank**

The date of this Base Prospectus is 13 September 2021

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of the UK Prospectus Regulation.

The Bank accepts responsibility for the information contained in this Base Prospectus, including the Final Terms or the Drawdown Prospectus (as applicable) relating to each Tranche of Notes issued under the Programme. To the best of the knowledge of the Bank, the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus does not omit anything likely to affect the import of such information.

None of the Dealers and the Trustee nor any of their directors, affiliates, advisers or agents has made an independent verification of the information contained in this Base Prospectus in connection with the issue or offering of any Notes and no representation or warranty, express or implied, is made by the Dealers, the Trustee or any of their respective directors, affiliates, advisers or agents with respect to the accuracy or completeness of such information. Nothing contained in this Base Prospectus is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by the Dealers, the Trustee or any of their respective directors, affiliates, advisers or agents in any respect. The contents of this Base Prospectus are not, are not to be construed as, and should not be relied on as, legal, business or tax advice and each prospective investor should consult its own legal and other advisers for any such advice relevant to it.

Copies of the Final Terms and any Drawdown Prospectuses will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).

Certain information under the headings "*Book Entry Clearance Systems*", "*Exchange Rates and Exchange Controls*", "*Risk Factors*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Nigeria*", and "*The Nigerian Banking Sector*" has been extracted from information provided by the clearing systems, certain Government and other third- party sources, referred to therein. The Bank confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Bank has relied on the accuracy of this information without independent verification.

This Base Prospectus must be read in conjunction with any supplements hereto and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. This Base Prospectus should be read and construed on the basis that such information is incorporated and form part of this Base Prospectus.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Bank in connection with the Programme or as to any acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of any Notes under the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Bank in connection with the Programme.

Subject as provided in the relevant Final Terms or the relevant Drawdown Prospectus, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the relevant Final Terms or the relevant Drawdown Prospectus as the relevant Dealer or the Managers, as the case may be.

No person is or has been authorised by the Bank, any of the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank, any of the Dealers or the Trustee.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation, or (ii) should be considered as a recommendation by the Bank, any of the Dealers or the Trustee that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Bank. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Bank, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Bank is correct at any time subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve an adverse change, in the prospects or financial or trading position of the Bank since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Bank throughout the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder.

The Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Bank, the Dealers and the Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Bank, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom and Nigeria. See "*Subscription and Sale and Transfer and Selling Restrictions*".

In making an investment decision, investors must rely on their own independent examination of the Bank and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

None of the Dealers, the Bank or the Trustee makes any representation to any investor regarding the legality of its investment under any applicable laws. Any investor should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

IMPORTANT – EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2(1) of Regulation (EU) No 2017/565, as it forms part of United Kingdom domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014, as it forms part of United Kingdom domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014, as it forms part of United Kingdom domestic law by virtue of the EUWA (the "UK PRIIPs Regulation"), for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

U.S. INFORMATION

Registered Notes may be offered or sold within the United States only to "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A ("**Rule 144A**") of the Securities Act or to "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act that are institutions ("**Institutional Accredited Investors**"), in either case in transactions exempt from registration under the Securities Act). Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Purchasers of Definitive IAI Registered Notes (as defined in "*Form of the Notes—Registered Notes*") will be required to execute and deliver an IAI Investment Letter (as defined under "*Terms and Conditions of the Notes—Transfer of interests*"). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note (as defined in "*Form of the Notes—Registered Notes*") or any Notes issued in registered form in exchange or substitution therefor (together, "**Legended Notes**") will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

The following legend shall also be included on each Note if the Notes are issued with original issue discount for U.S. federal income tax purposes:

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED ("THE CODE"), AND THIS LEGEND IS REQUIRED BY SECTION 1275(C) OF THE CODE. HOLDERS MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF OID, THE ISSUE PRICE, THE ISSUE DATE AND THE YIELD TO MATURITY RELATING TO THE NOTES BY CONTACTING THE ISSUER AT ITS REGISTERED OFFICE.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes may include a legend titled "**MiFID II Product Governance**" that will outline the target market assessment in respect of such Notes and which channels for distribution of such Notes are appropriate. Any person subsequently offering, selling or recommending such Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II product governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise none of the Arrangers, the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes may include a legend entitled "**UK MiFIR Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (AS AMENDED OR MODIFIED FROM TIME TO TIME, THE "SFA")

All Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

UK BENCHMARKS REGULATION

Interest and/or other amounts payable under the Floating Rate Notes or Reset Notes may be calculated by reference to certain reference rates. In the case of Notes other than Exempt Notes, any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 as it forms part of English law by virtue of the European Union (Withdrawal) Act (the "**UK Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to Article 36 (Register of administrators and benchmarks) of the UK Benchmarks Regulation. Transitional provisions in the UK Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Final Terms. The registration status of any administrator under the UK Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the applicable Final Terms to reflect any change in the registration status of the administrator.

SUITABILITY OF INVESTMENT

Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in Notes and the impact the Notes will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in Notes or where the currency for principal or interest payments is different from the potential investor's currency;
- understands thoroughly the terms of Notes and is familiar with the behaviour of any relevant indices and financial markets;
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- understands the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Notes.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio. Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal and/or financial advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

RECOGNITION AND ENFORCEMENT OF FOREIGN JUDGMENTS

There are two statutory regimes for the enforcement of foreign judgments in Nigeria: (i) the Reciprocal Enforcement of Judgment Ordinance, Chapter 175, Laws of the Federation of Nigeria ("**LFN**") and Lagos, 1958 (the "**Reciprocal Enforcement Ordinance**" or the "**Ordinance**"), and (ii) the Foreign Judgments (Reciprocal Enforcement) Act, Chapter F35, LFN 2004 (the "**Reciprocal Enforcement Act**" or the "**Act**"). Furthermore, the court procedures for the practical registration of foreign judgements in Nigeria is not settled, as some courts may take the conservative approach to the implementation of the applicable enforcement regimes listed below whilst others may not.

United Kingdom and Irish Court Judgments

The Ordinance applies to money judgments obtained (a) in the High Courts of England or Ireland, or in the Court of Session in Scotland or in any territory under Her Majesty's dominions to which the Reciprocal Enforcement Ordinance is extended by proclamation; or (b) in the superior court(s) of any country covered by the Reciprocal Enforcement Ordinance. A judgment is defined under the Ordinance as any judgment or order given or made by a court in any civil proceedings, whether before or after the commencement of the Ordinance, whether any sum of money is made payable, and includes an award in proceedings or an arbitration if the award has, in pursuance of the law in force in the place where it was made, become enforceable in the same manner as a judgment given by the court. Subject to certain exceptions, judgments obtained in these jurisdictions are enforceable by registration under the Reciprocal Enforcement Ordinance.

To be enforceable, such judgments must be registered within twelve months after the date of the judgment or such longer period as may be allowed by a High court or other superior court in Nigeria. In addition, the judgment must (i) derive from civil proceedings; (ii) be final and capable of execution in the country of delivery; (iii) not have been wholly satisfied; (iv) be a monetary judgement for a certain sum; and (v) not suffer from want of jurisdiction, lack of fair hearing or fraud, be contrary to public policy or have been discontinued because the issue had already been decided by another competent court before its determination by the foreign court. Provided that the judgment satisfies these requirements, it will be recognised, registered and enforced in Nigeria in the currency of that judgment.

Accordingly, under the Ordinance, foreign judgments relating to the Notes would be registrable and enforceable in Nigeria if such judgments are obtained in (a) the High Courts of England or Ireland or in the Court of Session in Scotland or in other parts of Her Majesty's control to which the Reciprocal Enforcement Ordinance is extended by proclamation; or (b) the superior court of any of the countries covered by the Reciprocal Enforcement Ordinance.

However, notwithstanding that a judgement emanates from a jurisdiction to which the Ordinance applies, such judgments are not registrable or enforceable in Nigeria or where already registered, such registration may be set aside, where (i) the foreign court acted without jurisdiction; (ii) the judgment debtor, being a person who was neither carrying on business nor ordinarily resident within the jurisdiction of the foreign court, did not voluntarily appear or otherwise submit or agree to submit to the jurisdiction of that court; (iii) the judgment debtor was not duly served with the process of the foreign court, and did not appear, notwithstanding that he was ordinarily resident or was carrying on business within the jurisdiction of the foreign court; (iv) the judgment was obtained by fraud; (v) the judgment debtor satisfies the registering court that an appeal is pending against the judgment or that he is entitled, and intends, to appeal against the judgment; or (vi) the judgment was in respect of a cause of action which could not have been entertained by the registering court for reasons of public policy or for some other similar reason. In this regard, notwithstanding that a judgment emanates from a jurisdiction to which the Reciprocal Enforcement Ordinance applies, such judgment will not be registrable or enforceable in Nigeria if the judgment falls within any of the exceptions enumerated in items (i) to (vi) above.

United States and Other Jurisdictions Court Judgments

Part 1 of the Reciprocal Enforcement Act applies to judgments obtained in the superior courts of any country (other than Nigeria). For the Reciprocal Enforcement Act to be applicable to any foreign judgment, the Minister of Justice and Attorney General of Nigeria ("**Minister of Justice**") must have issued an order extending the provisions of Part 1 of the Act to the judgments obtained from the superior courts of the relevant foreign jurisdiction from where the judgment emanated. In extending the provisions of Part 1 of the Reciprocal Enforcement Act to the judgments of any superior courts of any country, the Minister of Justice has to be satisfied that substantial reciprocity of treatment will be accorded in that country to judgments given by superior courts in Nigeria. Once the Minister of Justice has exercised his power by issuing an order extending the provisions of Part 1 of the Reciprocal Enforcement Act to any country, judgment creditors of judgments from the superior courts of such country will be able to apply to a High Court of a State of the Federation of Nigeria, or a High Court of the Federal Capital Territory, Abuja, or the Federal High Court (a "**Nigerian High Court**") within a period of six years from the date of the judgment, or where there have been proceedings by way of appeal against the judgment, within six years after the date of the last judgment given in those proceedings for the enforcement of the judgment.

However, since the promulgation of the Reciprocal Enforcement Act, the Minister of Justice has not issued any order extending Part 1 of the Reciprocal Enforcement Act to any foreign jurisdiction.

Section 10(a) of the Reciprocal Enforcement Act, however, provides that a judgment issued before the commencement of the Minister of Justice's order extending Part 1 of the Reciprocal Enforcement Act to the foreign country where the judgment was given may be registered within a period of twelve months from the date of the judgment. While some Nigerian courts have relied on this provision to enforce judgments from some foreign countries, where such judgments have been registered within twelve months from the date of the judgment or such longer period as may be allowed by a superior court in Nigeria, some other Nigerian courts have taken a different view of the provision and hence refused to rely on it as a basis for the enforcement of foreign judgments.

To be registered and enforced under this regime, the judgment must: (i) derive from civil proceedings; (ii) be final and conclusive as between the parties thereto and capable of execution in the country of delivery; (iii) not have been wholly satisfied; (iv) be a judgment where there is a sum of money payable thereunder, not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty; and (v) not suffer from want of jurisdiction, lack of fair hearing, or fraud or be contrary to public policy (the "**Additional Requirements**").

In the case of a registration of a foreign judgment by a superior court in Nigeria pursuant to Part 1 of the Reciprocal Enforcement Act, the registering court may, upon the filing of an application by any party against whom such a registered judgment may be enforced, set aside the registration of such judgment where the court is satisfied that: (i) the judgment is not a judgment to which Part 1 of the Reciprocal Enforcement Act applies or was registered in contravention of the provisions of the Reciprocal Enforcement Act; (ii) the courts of the country of the original court had no jurisdiction in the circumstances of the case; (iii) the judgment debtor, being the defendant in the proceedings in the original court, did not (notwithstanding that process may have been duly served on him in accordance with the law of the country of the original court) receive notice of those proceedings in sufficient time to enable him to defend the proceedings and did not appear; (iv) the judgment was obtained by fraud; (v) the enforcement of the judgment would be contrary to public policy in Nigeria; or (vi) the rights under the judgment are not vested in the person by whom the application for registration was made. The registering court may also set aside a registration pursuant to Part 1 of the Reciprocal Enforcement Act if it is satisfied that the matter in dispute in the proceedings in the original court had, previously on the date of the judgment, been the subject of a final and conclusive judgment by a court having jurisdiction in the matter.

With regard to judgments from the United States, there is currently no treaty between the United States and Nigeria providing for reciprocal enforcement of judgments (except with respect to criminal matters and arbitral awards) and the Minister of Justice has not ordered the application of Part 1 of the Reciprocal Enforcement Act to judgments obtained from United States' superior courts or to the courts of any other country. Thus, as of the date hereof, judgments from courts in the United States or the courts of any other country (apart from: (a) the High Courts in England or Ireland, the Court of Session in Scotland and the courts in any territory under Her Majesty's dominions to which the Reciprocal Enforcement Ordinance is extended by proclamation; or (b) the superior court(s) of any country covered by the Ordinance) can only be enforced in Nigeria by registration pursuant to section 10(a) of the Reciprocal Enforcement Act if such judgments are registered within twelve months after the date of the judgment or such longer periods as may be allowed by a Nigerian High Court and they satisfy the Additional Requirements.

Enforcement of Arbitral Awards in Nigeria

Furthermore, under the Arbitration and Conciliation Act, Chapter A18, LFN 2004 (the "**ACA**") an arbitral award shall (irrespective of the country in which such an award is made) be recognised as binding and, subject to section 32 of the ACA, shall, upon application in writing to the court be enforced by the High court in Nigeria. Section 32 of the ACA preserves the rights of any of the parties to request that the court refuse the recognition or enforcement of the award. By section 52 of the ACA, the court where recognition or enforcement of an award is sought or where an application for the refusal of recognition or enforcement thereof is brought, may in certain circumstances refuse to recognise or enforce an award.

Common Law Action on Foreign Judgment

In addition to the registration regimes described above, a foreign judgment may be enforced in Nigeria under the common law. A person seeking to enforce a foreign judgment through such means would be required to commence a civil action before a court of competent jurisdiction in Nigeria, with the foreign judgment as the cause of action. An action brought in this way may also be heard and determined summarily or under the undefended list in accordance with the relevant rules of the relevant Nigerian court. However, some Nigerian courts have taken the view that, subject to the exceptions already discussed above, judgments of both Commonwealth and non-Commonwealth jurisdictions are now enforceable by registration in Nigeria by virtue of Section 10(a) of the Act.

Currency of Judgment

Based on the provisions of the Reciprocal Enforcement Ordinance and Nigerian case law, foreign judgments can be enforced and recovered in Nigerian superior courts in a foreign currency. In contrast, Part 1 of the Reciprocal Enforcement Act provides that a foreign judgment to which part 1 of the Reciprocal Enforcement Act applies may only be enforceable in Nigeria in Naira.

The relevant provision of Part 1 of the Reciprocal Enforcement Act will only become effective when the Minister of Justice makes an order to the effect that the Reciprocal Enforcement Act shall apply to judgments of superior courts of a particular country that accords reciprocal treatment to judgments of superior courts of Nigeria. However, upon the issuance of the order by the Minister of Justice, judgments of superior courts of any country (whether or not previously covered by the Reciprocal Enforcement Ordinance), when registered and enforced in Nigeria, will be enforced only in Naira. One potential challenge presented by this regime of enforcement only in Naira is that the judgment creditor may be faced with significant exchange rate losses given that, pursuant to section 4(3) of the Act, the judgment sum will be converted into Naira on the basis of the prevailing rate of exchange on the date the judgment sought to be enforced is obtained in the original court. Given that the Minister of Justice is yet to issue any order extending the application of Part 1 of the Reciprocal Enforcement Act to judgments of superior courts of any country, and until such order is made, there is no restriction on Nigerian courts to allow foreign judgments to be registered, enforced and recovered in foreign currency based on the Reciprocal Enforcement Ordinance or section 10(a) of the Reciprocal Enforcement Act (as the case may be).

Effect of Registration of Foreign Judgments in Nigeria

The legal effect of registration of any foreign judgment under the Reciprocal Enforcement Ordinance or the Reciprocal Enforcement Act is that the foreign judgment becomes the judgment of the registering court for the limited purpose of enforcement of the foreign judgment in Nigeria. Therefore, no party may appeal the merits of a foreign judgment registered by a Nigerian High Court before an appellate court in Nigeria merely on the basis that such a foreign judgment has been registered in Nigeria. A party may only appeal the decision of a Nigerian High Court to register or not to register the foreign judgment.

STABILISATION

In connection with the issue of any Tranche of Notes, one or more relevant Dealers (if any) named as the Stabilising Manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms, or the applicable Drawdown Prospectus, may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial statements

The Financial Statements are prepared in accordance with all International Financial Reporting Standards and Interpretations, all International Accounting Standards and Interpretations ("**IFRS**") as issued and/or adopted by the International Accounting Standards Board.

Unless otherwise indicated, financial information set forth herein related to the Bank and its consolidated subsidiaries (the "**Group**") has been derived from the Group's consolidated financial statements as at and for the year ended 31 December 2020 (the "**2020 Financial Statements**"), the Group's consolidated financial statements as at and for the year ended 31 December 2019 (the "**2019 Financial Statements**") and the Group's consolidated financial statements as at and for the year ended 31 December 2018 (the "**2018 Financial Statements**" and together with the 2020 Financial Statements and the 2019 Financial Statements, the "**Audited Financial Statements**") and the Group's consolidated audited interim financial statements as at and for the six months ended 30 June 2021 (the "**Interim Financial Statements**" and together with the Audited Financial Statements, the "**Financial Statements**"), each of which were prepared in accordance with IFRS and included elsewhere in this Base Prospectus.

The 2020 Financial Statements and the Interim Financial Statements were also prepared in accordance with the provisions of the Companies and Allied Matters Act No. 3 of 2020 (as amended) ("**CAMA**"), Banks and Other Financial Institutions Act, 2020 ("**BOFIA**"), the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria ("**CBN**") circulars and guidelines, which requirements are in addition to, and do not conflict with the requirements under IFRS.

The 2019 Financial Statements and 2018 Financial Statements were prepared in accordance with the provisions of the Companies and Allied Matters Act, Chapter C20 LFN 2004, Banks and Other Financial Institutions Act, Chapter 3 LFN 2004, the Financial Reporting Council Act No. 6, 2011 and relevant CBN circulars and guidelines, which requirements are in addition to, and do not conflict with the requirements under IFRS.

Investors should note that certain other financial information and data set forth herein (including the financial information in "*Selected Statistical and Other Information*"), including monthly average financial information and data, has been derived from the unaudited management accounts of the Group. See "—*Non-IFRS Measures of Financial Performance*" below.

The Financial Statements, including the audit reports of PricewaterhouseCoopers Chartered Accountants, Nigeria ("**PricewaterhouseCoopers**") thereon, are set forth elsewhere in this Base Prospectus. The Audited Financial Statements were audited by PricewaterhouseCoopers, Landmark Towers, 5B Water Corporation Road, Victoria Island, P.O. Box 2419, Lagos, Nigeria, in each case in accordance with International Standards on Auditing ("**ISA**")**.** The Interim Financial Statements were audited by PricewaterhouseCoopers, Landmark Towers, 5B Water Corporation Road, Victoria Island, P.O. Box 2419, Lagos, Nigeria, in each case in accordance with ISA.

The financial information included in this Base Prospectus was not prepared in accordance with generally accepted accounting principles in the United States ("**U.S. GAAP**"). There could be significant differences between IFRS, as applied by the Bank, and U.S. GAAP. The Bank neither describes the differences between IFRS and U.S. GAAP nor reconciles its IFRS financial statements to U.S. GAAP. Accordingly, such information is not available to investors, and investors should consider this in making their investment decision. The financial information included in this Base Prospectus is not intended to comply with the U.S. SEC reporting requirements. Compliance with such requirements would require the modification, reformulation or exclusion of certain financial measures. In addition, changes would be required in the presentation of certain other information.

Non-IFRS measures of financial performance

In addition to the Group's Financial Statements presented in accordance with IFRS, the Group uses certain ratios and measures included herein that would be considered non-IFRS financial measures. For more information on these ratios and measures, see "*Selected Consolidated Financial and Other Information—Key Ratios*".

A non-IFRS financial measure is defined as one that measures historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable IFRS measures. These non-IFRS financial measures are not a substitute for IFRS measures. The non-IFRS measures included in this Base Prospectus are not in accordance with or an alternative to measures prepared in accordance with IFRS and may be different from similarly titled non-IFRS measures used by other issuers.

The Bank's management ("**Management**") believes that this information, along with comparable measures under IFRS, is useful to investors because it provides a basis for measuring the organic operating performance in the years presented. These measures are used in internal management of the Group, along with the most directly comparable financial measures under IFRS, in evaluating the Group's operating performance. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Non-IFRS financial measures as reported by the Group may not be comparable to similarly titled amounts reported by other issuers. Non-IFRS financial measures may not be permitted to appear on the face of the primary financial statements, or footnotes thereto, and in some cases, might not be permitted at all, in filings that are registered with the U.S. SEC.

Management believes that these non-IFRS measures, when considered in conjunction with measures under IFRS, enhance investors' and management's overall understanding of the Group's current financial performance. In addition, because the Group has historically reported certain non-IFRS results to investors, Management believes that the inclusion of non-IFRS measures provides consistency in the Group's financial reporting.

Investors should exercise caution in comparing non-IFRS financial measures as reported by the Bank to non-IFRS financial measures as reported by other companies. Non-IFRS financial measures described in this Base Prospectus are unaudited and have not been prepared in accordance with IFRS or any other generally accepted accounting principles. The financial information included in this Base Prospectus is not intended to comply with the U.S. SEC requirements. Compliance with such requirements would require, amongst other things, compliance with the requirements of Regulation S-X and the exclusion of certain non-IFRS measures.

Restatements and reclassifications

There have been no material restatements or reclassifications in respect of 2021, 2020 and 2018 financial information. In respect of 2019 financial information, the Bank restated the 2019 financial information in 2020. The restatement related to an amortisation charge recognised in intangibles as a result of amortisation of goodwill from the merger with Diamond Bank Plc ("**Diamond Bank**") on the statement of financial position of ₦3.45 billion which had the effect of decreasing goodwill by the identified amount. See Note 46 to the 2020 Financial Statements. As a result of this restatement, the comparative financial information as of and for the year ended 31 December 2019 contained in the 2020 financial statements differs from the financial information contained in the 2019 financial statements.

Third party information

The Bank obtained certain statistical and market information that is presented in this Base Prospectus in respect of the Nigerian banking sector, the Nigerian economy and the Nigerian political landscape in general from certain Government and other third-party sources (including annual reports) as identified where it appears herein. This third-party information is presented in the following sections of the Base Prospectus: "*Exchange Rates and Exchange Controls*", "*Risk Factors*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Nigeria*" and "*The Nigerian Banking Sector*". The Bank has accurately reproduced such information and, so far as the Bank is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. Neither the Bank nor any of the Dealers have independently verified the figures, market data or other information on which third parties have based their studies.

Certain statistical information reported herein has been reproduced from official publications of, and information supplied by, a number of Government agencies and ministries, and other governmental and intergovernmental organisations, including:

- the CBN;
- the International Monetary Fund ("**IMF**");
- the Nigerian Debt Management Office ("**DMO**");
- the National Bureau for Statistics of Nigeria ("**NBS**");
- the Nigerian Federal Ministry of Finance ("**FMF**"); and
- the U.S. Central Intelligence Agency ("**CIA**").

Official data published by the Nigerian Government may be substantially less complete or researched than those of more developed countries. Nigeria faces a number of challenges in gathering statistical data such as inadequate data coverage, inadequate information on subnational public finances, lack of regularly available data on economic activity, significant errors and omissions in the balance of payment data, all of which hinder compilation of timely and consistent data. Nigeria has attempted to address some inadequacies in its national statistics through the adoption of the Statistics Act of 2007, which established the National Statistical System ("**NSS**") and created the NBS (which came into existence as a result of the merger of the Federal Office of Statistics and the National Data Bank) as its co-ordinator but there is no assurance that such inadequacies have been resolved.

Information under the heading "*Book Entry Clearance Systems*" has been extracted from information provided by the clearing systems referred to therein. The Bank confirms that such information has been accurately reproduced and that, so far as the Bank is aware, and is able to ascertain from information published by the relevant clearing systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution.

Rounding

Certain figures included in this Base Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed to them in "Terms and Conditions of the Notes" or as otherwise defined in any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

"**Authorised Dealer**" means a financial institution that is licensed and registered by the CBN to engage in foreign exchange transactions;

"**Bank**" refers to Access Bank Plc;

"**CAMA**" refers to Companies and Allied Matters Act No. 3 of 2020 (as amended);

"**CBN**" refers to the Central Bank of Nigeria;

"**Euro**" or "**€**" refers to the currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended;

"**Federal Government**" refers to the federal government of the Federal Republic of Nigeria;

"**Group**" refers to the Bank and its consolidated subsidiaries;

"**LFN 2004**" means the Laws of the Federation of Nigeria, 2004;

"**Naira**" or "**₦**" refers to the Nigerian Naira, the official currency of Nigeria;

"**NDIC**" refers to the Nigeria Deposit Insurance Corporation;

"**Nigeria**" refers to the Federal Republic of Nigeria;

"**£**" refers to the lawful currency of the United Kingdom;

"**Nigerian SEC**" refers to the Nigerian Securities and Exchange Commission;

"**United States**" or the "**U.S.**" refers to the United States of America; and

"**U.S. dollar**" or "**U.S.$**" refers to the lawful currency of the United States of America.

FORWARD-LOOKING STATEMENTS

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties. They may also constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the United States Securities Act of 1934, as amended (the "**Exchange Act**"); however, this Base Prospectus is not entitled to the benefit of the safe harbour created thereby. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "would be", "seeks", or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and include statements regarding the Group's intentions, beliefs or current expectations concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Base Prospectus. In addition, even if the Group's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- anticipated growth of the Group's corporate and investment banking, commercial banking, business banking, personal and private banking businesses;
- the Group's ability to grow its loan portfolio at historical rates; and
- the Group's ability to manage liquidity risks.

Factors that could cause actual results to differ materially from the Group's expectations are contained in cautionary statements in this Base Prospectus and include, amongst other things, the following:

- overall political, economic and business conditions in Nigeria, including oil prices and oil production and the impact of the 2019 novel coronavirus ("**COVID-19**") pandemic;
- exchange rate fluctuations, including following the Naira float and any currency control measures imposed or reinstated;
- the Group's inability to successfully implement its strategy;
- changes in government regulations applicable to the Group's activities and the Group's customers;
- the demand for the Group's products and services;
- competitive factors in the industries in which the Group and its customers compete;
- interest rate fluctuations and other capital market conditions;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- economic and political conditions in international markets, including governmental changes;
- hostilities and restrictions on the ability to transfer capital across borders;
- the impact of the removal of petroleum subsidies by the Federal Government; and
- the timing, impact and other uncertainties of future actions.

The sections of this Base Prospectus entitled "*Risk Factors*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Description of the Group*" and "*Selected Statistical and Other Information*" contain a more complete discussion of the factors that could affect the Group's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Base Prospectus may not occur.

These forward-looking statements speak only as at the date of this Base Prospectus. Except as required by applicable law or regulation, the Bank does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Bank or the Group or to persons acting on their behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Base Prospectus.

EXCHANGE RATES AND EXCHANGE CONTROLS

Exchange rates

The CBN, through its guidelines dated 15 June 2016, introduced a new exchange rate policy with the following features:

- a flexible exchange rates system driven by daily market forces and based on a single market structure (Inter-bank autonomous market window);
- a system of periodic intervention by the CBN through "Primary Market Dealers" (appointed from amongst the Authorised Dealers in the market) for large deal sizes priced on a two-way quote basis; and
- over-the-counter Forex Futures that will reduce the demand-pressure on forex for non-urgent transactions.

In March 2020, global oil prices fell drastically and, as a result, the value of the Naira versus the US dollar fell significantly in market trading. In response, the CBN announced that it had adjusted its official exchange rate to ₦380 to U.S.$1 which reflected the then current market rates. The exchange rate continued to decline in market trading and, in May 2021, the CBN removed the official exchange rate of ₦379 to U.S.$1 from its website in a bid to unify Nigeria's foreign exchange rates; and effectively adopted the Nigerian Autonomous Foreign Exchange Rage (the "**NAFEX**") rate as the official exchange rate for the Naira, effectively devaluing the currency by 7.6%.

Exchange Rate Information

Naira has been selected as the presentation currency for the Financial Statements, as the majority of the Group's transactions are denominated, measured, or funded in Naira.

The following table sets forth, for the periods indicated, the high, low, average and year-end official rates set by the NAFEX in reference to CBN window in each case for the purchase of Naira, all expressed per U.S. dollar. These translations should not be construed as representations that Naira amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated as at any of the dates mentioned in this Base Prospectus or at all.

	Average(1)	High	Low	Period End
		(Naira per U.S. dollar)		
August 2021	411.19	411.28	411.08	411.28
July 2021	411.12	411.42	410.42	411.1
June 2021	410.55	411.13	409.05	410.66
May 2021	410.50	411.25	409.84	411.25
April 2021	409.33	410.33	407.83	410.21
March 2021	408.73	410.92	407.63	407.63
February 2021	403.46	410.92	407.63	407.63
January 2021	393.66	398.6	392.18	393.45
2020	356.7	381.1	305.9	379.5
2019	306.6	361.0	305.7	360.5
2018	305.6	307.0	304.6	306.5
2017	305.3	308.0	304.0	305.5

Source: *FMDQ, CBN.*

(1) The average of the exchange rates for each day during the year or period, as applicable. NAFEX is the reference rate for Spot FX operations in the CBN Official Window which comprises the CBN Secondary Market Intervention Sales (SMIS) or any other such designated CBN Official Intervention Window. NAFEX rates have been applied throughout the periods set out above although it only became the official rate in May 2021.

As of 8 September 2021, the Official Exchange Rate was ₦411.25: U.S.$1.00.

Exchange controls

The Exchange Control (Repeal) Act No. 8 of 1995 and the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, Chapter F34, LFN 2004 (the "**Forex Act**"), which repealed various pieces of legislation, substantially liberalised exchange controls in Nigeria which had been in place since 1982. The Forex Act introduced regulatory monitoring provisions on foreign exchange in Nigeria in place of exchange control provisions. The Forex Act allows any person to invest foreign currency or capital imported into Nigeria through an Authorised Dealer in any enterprise or security in Nigeria (except enterprises expressly prohibited by relevant provisions of Nigerian law). Following importation of the investment capital, the Authorised Dealer shall, within a period of 24 hours, issue to the investor, a Certificate of Capital Importation ("**CCI**") which guarantees unconditional repatriation and/or transferability of funds in freely convertible currency. Following a policy of the CBN issued in 2018, the introduction of electronic CCIs ("**eCCI's**") was ushered into the Nigerian foreign exchange control framework. Thus, investors now receive eCCIs which are issued and managed on the eCCIS.

The CCI enables foreign investors (through an Authorised Dealer) to access the Nigerian foreign exchange market for the purpose of converting the proceeds of capital invested in Nigeria into freely convertible currency.

The Bank intends to use the net proceeds from the issue of Notes under the Programme for general banking purposes. See "*Use of Proceeds*".

The Bank does not intend to import the proceeds from the issue of Notes under the Programme into Nigeria or convert such proceeds into Naira and, as a result, the Bank will not obtain a CCI which would otherwise give it access to the foreign exchange markets in Nigeria in respect of principal repayment and interest repayment. The proceeds of any Notes issued under the Programme will be paid into the Bank's foreign currency domiciliary account and the Bank will make principal repayment and interest payment on such Notes from its foreign currency reserves as it will not be able to obtain access to the Nigerian foreign exchange market. See "*Risk Factors—Risks related to the Notes and the trading market—Shortage of U.S. dollar liquidity in the Nigerian market may adversely affect the Bank's ability to service its U.S. dollar liabilities*".

In the event that proceeds of Notes are in-flowed into Nigeria and converted into Naira, the Bank will obtain a CCI evidencing the inflow of the proceeds of the Notes into Nigeria. The CCI will be issued in the name of the Trustee who will use the obtained CCI to repatriate the principal and interest payments due to the Noteholders from the Bank through the Nigerian foreign exchange market. The CCI guarantees the unconditional repatriation and/or transferability of the interest payable on the Notes and the principal amount of the Notes in freely convertible currency.

See "*Risk Factors—Risks Related to the Notes and the trading market*".

OVERVIEW OF THE GROUP

This section contains an overview of the detailed information and financial information included elsewhere in this Base Prospectus. This overview may not contain all of the information that may be material to prospective investors and, therefore, should be read in conjunction with this entire Base Prospectus, including the more detailed information regarding the Group's business and financial information and related notes included elsewhere in this Base Prospectus or referenced herein. Prospective investors should also carefully consider the information set forth in the section "*Risk Factors*".

The Bank is a full-service commercial bank operating through a network of 729 branches and service outlets, spanning three continents, 12 countries and 42 million customers as at 30 June 2021. The Bank employs over 28,000 thousand people in its operations in Nigeria, sub-Saharan Africa and the United Kingdom, with representative offices in China, Lebanon, India and the UAE. The Group provides a wide range of banking and other financial services to over 42 million customers from 729 branches and service centres with total assets of ₦10.05 trillion, all as at 30 June 2021. The Group's strategy focuses on the pursuit of building sustainable practices, innovation, superior service delivery and employee empowerment.

As at 30 June 2021, the Group had over 900,000 shareholders comprising Nigerian and international institutional investors, and has had a strong growth trajectory in the last twelve years. The Group's debt instruments are listed on the London Stock Exchange, The NGX, the Luxembourg Stock Exchange and the Irish Stock Exchange, and, as at the date of this Base Prospectus, the Bank had a credit rating of B- from S&P, B from Fitch and B2 from Moody's.

The Group's financial products and services include corporate and trade finance operations, treasury and investment services, retail banking products and services (including current and savings accounts, credit cards, ATM services, electronic banking and retail lending), money market activities and private banking services/wealth management.

The Group's primary business is its banking operations which offer a wide range of financial products and services to corporate, commercial and individual clients, and its principal business activities are organised according to the following strategic business units: Corporate and Investment Banking, Commercial Banking, Business Banking, Retail Banking and Digital Banking. The Group applies a value chain management ("**VCM**") approach which it views as a key competitive differentiator to acquire and retain market share, by aiming to develop and align its products and services to the activities of its corporate clients and various stakeholders who participate in creating value for these corporate clients, such as suppliers, distributors, customers, employees (including their family members) and shareholders of such corporate clients, as well as government authorities and regulators who interact with those corporate clients. Each of the Group's strategic business units ("**SBU**") is encouraged to seek to extend the VCM to stakeholders who may not be its immediate customers in partnership with other SBUs. For example, the Commercial Banking SBU, which primarily serves private and public sector business, is encouraged to collaborate with the Retail Banking SBU to build relationships with potential new clients who may be employees of the private and public sector businesses. This collaboration has facilitated the continued development and launch of products tailored to customers across the value chain and which are offered in key growth sectors and markets for the Bank.

The Group's main business activities are served by the following SBUs:

- ***Corporate and Investment Banking***: Management believes that the Corporate and Investment Banking SBU has become one of the largest support bases for institutional clients that are driving change in Nigeria through infrastructure development projects, the construction of improved transportation links and other commercial and real estate developments. The Corporate and Investment Banking SBU primarily serves multinational, large local and foreign-owned companies with a minimum annual turnover of ₦10 billion. The Corporate and Investment Banking SBU continues to seek long-term partnerships with such clients across key growth sectors of the Nigerian economy, particularly oil & gas, telecommunications, power and infrastructure and food and beverages, as well as transport and household utilities. In addition, the Corporate and Investment Banking SBU's treasury team provides solutions to address corporate client needs across funding, foreign exchange, liquidity, investment, hedging and other risks. This SBU also provides customised financial solutions to complex funding challenges of large corporate clients in key sectors of the Nigerian economy and is responsible for the Group's relationships with domestic and international financial institutions (including DFIs).

- ***Commercial Banking***: As at 30 June 2021, the Commercial Banking SBU is the largest market-facing business that operates within the Group. This SBU offers specialised business solutions and bespoke financial services to support the needs of its target markets, namely general commerce/trading, manufacturing, construction, hospitality and lifestyle (such as hotels and restaurants), the public sector and the Asian market. The Commercial Banking SBU primarily serves:

    - private sector businesses, consisting of local and foreign-owned institutions operating within the Group's identified market segments with a minimum annual business turnover of ₦1 billion (excluding companies that meet the Corporate and Investment Banking SBU's customer criteria); and

    - public sector, federal, state and local government (including ministries, departments and agencies) and government-affiliated businesses.

- ***Business Banking***: The Business Banking SBU focuses on companies and small and medium enterprises ("**SMEs**") with an annual turnover of not more than ₦1 billion. The Business Banking SBU's target market model focuses on the implementation of a holistic SME partnership and advisory programme while extending its global facility framework to cover the SME segment of the value chain of selected the Bank corporate and commercial banking customers.

- ***Retail Banking***: With a retail banking focus, the Retail Banking SBU offers integrated products and services to ultra-high and high net worth individuals, affluent professionals, employees in the value chain of the Group's corporate clients, as well as students, pensioners and informal traders. This SBU also provides international money transfer services through the Group's franchise business primarily for remittance services, utilities and Government revenue collection, as well as development banking with an emphasis on non-governmental organisations.

The Group's core business segments are supported by its Operations and IT division which provides transaction processing services and technical support and infrastructure for the rest of the Group's divisions. Services provided include, amongst other things, payment and collections services and trade finance services. See "*Description of the Group—Description of Business—IT and Operations*".

The Bank's five-year strategy (2018-2022) aims to position the Bank as "Africa's Gateway to the World" and the most respected African bank globally. See "*Description of the Group—Description of Business—Strategy* ". The Group completed the merger with former Diamond Bank Plc in March 2019 (the "**Diamond Bank Merger**"). The merger involved the Bank acquiring the entire issued share capital of Diamond Bank in exchange for a combination of cash consideration and shares in the Bank via a scheme of merger. In fulfilment of the consideration for the acquisition, Diamond Bank's shareholders received a consideration comprising (i) a cash consideration of ₦1.00 per Diamond Bank Share representing a total cash amount of ₦23,160,388 thousand, and (ii) the allotment of 6,617,253,991 new Bank ordinary shares, representing the 2 new Bank ordinary shares for every 7 Diamond Bank shares. The merger was accounted for as a business combination which resulted in acquired intangible assets of ₦50.60 billion. Diamond Bank was Nigerian's leading retail bank with 19 million customers, including 10 million mobile customers, and a strong reputation for data analytics and technological innovation at the time of the merger.

Additionally, in July 2020, the Group acquired Transnational Bank in Kenya. The acquisition involved the Group acquiring the 99.98% issued share capital of Transnational Bank in exchange for cash consideration of ₦5,517,428 thousand. In fulfilment of the consideration for the acquisition, Transnational Bank's shareholders received a total cash consideration offer of ₦5,634,410 thousand comprising of (i) a cash consideration payment of ₦4,225,808 thousand (ii) a deferred payment of ₦1,408,603 thousand to be made to shareholders at the expiration of two years. For the purpose of the goodwill computation, this deferred consideration has been carried at its present value of ₦1,291,620 thousand using a discount rate of 4.24%.

In May 2021, the Group completed the acquisition of BancABC Mozambique. The consideration for the acquisition comprises of (i) a cash consideration payment of ₦5,171,477 thousand (ii) a deferred payment of ₦5,164,814 thousand to be made to shareholders at the expiration of two years. With the completion of the acquisition of BancABC Mozambique, it will begin merging its operations with Access Bank Mozambique which is expected to create the seventh largest bank in the Mozambican banking market by total assets.

In May 2021, the Group completed the acquisition of Grobank. The acquisition involved the Bank acquiring 90.35% issued share capital of Gro Bank in exchange for cash of ₦11,411,683 thousand. This cash however has been capitalised in the former Gro Bank (now Access Bank South Africa) as additional shares as authorised by the South African regulators. Following the completion of all regulatory procedures, Grobank Limited was renamed Access Bank South Africa Limited in May 2021. With this new development, Access Bank South Africa Limited is positioned to deliver a robust banking operation that connects key African markets.

In April 2021 the Group entered into a share purchase agreement to acquire 78.15% of the shares in African Banking Corporation of Botswana Limited ("***BancABC Botswana***") for a consideration which will be based on 1.0x the net asset value of BancABC Botswana at completion of the acquisition, such net asset value being subject to a completion audit and any adjustments which may arise. As of 31 December 2020 the audited net asset value of BancABC Botswana was Botswanan Pulas ("**BWP**") 1.178298 billion (or U.S.$109.2 million, at an official exchange rate of BWP10.79:U.S.$1 as of 31 December 2020). The acquisition is expected to close before the end of 2021 and is still subject to a number of customary closing conditions.

By the end of 2022, the Group intends to implement a corporate reorganisation which will involve the establishment of a holding company to directly hold the Bank and its subsidiaries. The process will entail: (i) the incorporation of a new company to serve as a holding company, (ii) the migration of shareholders in the Bank to the holding company through a Nigerian law scheme of arrangement, and (iii) the redesignation of Access Microfinance Ltd to focus on consumer lending and agency banking. See "*Description of the Group—Proposed Corporate Reorganisation*" for further information.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables set forth selected historical consolidated financial information derived from the Financial Statements and are presented in Naira and included elsewhere in this Base Prospectus. See "*Presentation of Financial and Other Information*".

Prospective investors should read the following summary consolidated financial and other information in conjunction with the information contained in "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Selected Statistical and Other Information*" and the Financial Statements, and the related notes thereto.

Consolidated statement of financial position data of the Group

	As of 30 June	As at 31 December		
	2021	2020	2019	2018
		(₦ thousands)		
Assets				
Cash and cash equivalents	1,364,570,882	723,872,820	723,064,003	740,926,362
Investment under management	31,611,718	30,451,466	28,291,959	23,839,394
Non pledged trading assets	137,974,558	207,951,943	129,819,239	38,817,147
Pledged assets	256,796,084	228,545,535	605,555,891	554,052,956
Derivative financial instruments	187,122,508	251,112,745	143,520,553	128,440,342
Loans and advances to banks	408,021,137	392,821,307	152,825,081	142,489,543
Loans and advances to customers	3,582,947,324	3,218,107,027	2,911,579,708	1,993,606,233
Investment securities	2,039,757,026	1,749,549,145	1,084,604,187	501,072,480
Other assets	1,692,368,174	1,548,891,262	1,055,510,452	704,326,780
Investment properties	217,000	217,000	927,000	—
Investments in equity accounted investee	2,496,604	—	—	—
Property and equipment	242,196,605	226,478,704	211,214,241	103,668,719
Intangible assets	68,381,568	69,189,845	62,479,692	9,752,498
Deferred tax assets/(liabilities)	5,338,759	4,240,448	8,807,563	922,660
Assets classified as held for sale	35,050,303	28,318,467	24,957,519	12,241,824
Total assets	**10,054,850,250**	**8,679,747,714**	**7,143,157,088**	**4,954,156,938**
Liabilities				
Deposits from financial institutions	1,758,573,492	958,397,171	1,186,356,312	994,572,845
Deposits from customers	5,974,755,925	5,587,418,213	4,255,837,303	2,564,908,384
Derivative financial instruments	10,099,966	20,880,529	6,885,680	5,206,001
Debt securities issued	177,860,278	169,160,059	157,987,877	251,251,383
Current tax liabilities	2,564,906	2,159,921	3,531,410	4,057,862
Other liabilities	492,536,093	379,416,786	324,333,880	246,438,951
Retirement benefit obligations	4,983,041	4,941,268	3,609,037	2,336,183
Interest-bearing loans and borrowings	842,541,570	791,455,237	586,602,830	388,416,734
Deferred tax liabilities	15,501,952	14,877,285	11,272,928	6,456,840
Total liabilities	**9,279,417,223**	**7,928,706,469**	**6,536,417,257**	**4,463,645,183**
Equity				
Share capital and share premium	251,811,463	251,811,463	251,811,463	212,438,802
Retained earnings	331,044,522	252,396,881	221,665,749	155,592,892
Other components of equity	181,569,937	239,494,175	124,733,785	114,609,701
Total equity attributable to owners of the Bank	**764,425,922**	**743,702,519**	**598,210,997**	**482,641,395**
Non-controlling interest	11,007,105	7,338,726	8,528,834	7,870,360
Total equity	**775,433,027**	**751,041,245**	**606,739,831**	**490,511,755**
Total liabilities and equity	**10,054,850,250**	**8,679,747,714**	**7,143,157,088**	**4,954,156,938**

Consolidated statement of comprehensive income data of the Group

	For the six months ended 30 June		For the year ended 31 December		
	2021	2020	2020	2019	2018
			(₦ thousands)		
Interest income calculated using effective interest rate	279,642,750	211,990,533	425,666,038	453,550,213	360,307,616
Interest income on financial assets at FVTPL	40,091,259	34,731,987	63,550,668	83,296,576	20,607,306
Interest expense	(119,666,182)	(120,515,106)	(226,266,663)	(259,617,791)	(207,336,761)
Net interest income	**200,067,827**	**126,207,414**	**262,950,043**	**277,228,998**	**173,578,161**
Net impairment charge	(28,669,006)	(16,465,691)	(62,893,120)	(20,189,393)	(14,656,723)
Net interest income after impairment charges	**171,398,821**	**109,741,723**	**200,056,923**	**257,039,605**	**158,921,438**
Fee and commission income	73,714,813	51,774,914	116,700,349	91,845,403	62,095,546
Fee and commission expense	(14,987,677)	(11,182,650)	(23,126,925)	(17,798,050)	(9,600,893)
Net fee and commission income	**58,727,136**	**40,592,264**	**93,573,424**	**74,047,353**	**52,494,653**
Net gains on financial instruments at fair value	(23,254,811)	134,840,621	122,689,735	66,102,274	96,324,350
Net foreign exchange loss	68,195,022	(66,222,898)	(7,568,256)	(83,876,395)	(23,768,927)
Net loss on fair value hedge (hedging ineffectiveness)	(4,221,443)	-	(795,254)	-	-
Other operating income	13,804,602	29,642,085	44,474,162	55,835,529	13,178,688
Personnel expenses	(43,604,490)	(36,251,381)	(73,173,176)	(76,964,138)	(57,144,039)

	For the six months ended 30 June		For the year ended 31 December		
	2021	2020	2020	2019	2018
			(₦ thousands)		
Rent expenses[1]	—	—	—	—	(4,334,491)
Depreciation	(14,062,194)	(12,531,309)	(27,615,333)	(21,232,914)	(13,535,345)
Amortisation and impairment[2]	(6,021,877)	(4,829,364)	(9,913,194)	(7,927,685)	(2,799,133)
Other operating expenses	(126,113,891)	(120,675,517)	(215,806,906)	(151,098,113)	(116,149,491)
Profit before tax	**97,495,592**	**74,306,224**	**125,922,125**	**111,925,523**	**103,187,703**
Income tax	(10,560,073)	(13,271,428)	(19,912,434)	(17,868,920)	(8,206,617)
Profit for the year	**86,935,519**	**61,034,796**	**106,009,691**	**94,056,603**	**94,981,086**

(1) Rental expenses were included in other operating expenses for the periods after the year ended 31 December 2018.

(2) Amortisation and impairment was impacted by the implementation of IFRS 16 from 1 January 2019.

Key ratios

The following table provides certain of the Group's key ratios as at and for the six months ended 30 June 2021 and 2020 and as at and for the years ended 31 December 2020, 2019 and 2018. The basis for calculation of ratios that are non-IFRS financial measures is set out in the notes below. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS measures. The non-IFRS financial measures are not measurements of performance or liquidity under IFRS or any other generally accepted accounting principles. Investors should not place undue reliance on these non-IFRS financial measures and should not consider these measures as: (a) an alternative to operating income or net income as determined in accordance with IFRS, or as measures of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with IFRS, or a measure of the Group's ability to meet its cash needs; or (c) an alternative to any other measures of performance under IFRS. These measures are not indicative of the Group's historical operating results, nor are they meant to be predictive of future results. These measures are used by Management to monitor the underlying performance of the business and the operations. Since all companies do not calculate these measures in an identical manner, the Bank's presentation may not be consistent with similar measures used by other companies. See also "*Presentation of Financial and Other Information—Non-IFRS Measures of financial performance*".

	As at and for the six months ended 30 June		As at and for the year ended 31 December		
	2021	2020	2020	2019	2018
Profitability ratios:					
Return on average equity[1]	22.78%	19.12%	16%	17%	19%
Return on average assets[2]	1.86%	1.64%	1.34%	1.55%	2.10%
Net interest margin[3]	5.93%	4.39%	4%	5%	5%
Net interest income/operating income	63.01%	47.61%	51%	71%	56%
Cost to income ratio[4]	66.68%	70.11%	72%	70%	65%
Operating expenses/average total assets[5]	4.05%	4.68%	4%	4%	4%
Effective tax rate	10.83%	17.86%	16%	16%	8%
Balance sheet ratios:					
Loans to customers, net/total assets	35.63%	38.63%	37%	41%	40%
Total loans, net/deposits liabilities[6]	45.59%	50.28%	48.10%	49.53%	50.87 %
Loans to customers, net/total equity	462.06%	447.49%	428.49%	479.87%	406.43 %
Deposits from customers/total assets	59.42%	60.10%	64%	60%	52%
Total equity/total assets	7.71%	8.63%	9%	8%	10%
Liquid assets[7]/total assets	37.30%	30.99%	33.27%	27.69%	27%
Liquid assets[7]/customer deposits	62.77%	51.57%	51.69%	46.47%	51.47 %
Liquid assets[7]/liabilities of up to three months	60.48%	43.39%	48.71%	42.22%	41.56 %
Capital adequacy ratios:					
Total capital[8]	21.26%	20.04%	20.61%	20.02%	20.78 %
Tier 1 capital[9]	15.94%	15.95%	15.46%	16.07%	18.12 %
Credit quality ratios:					
Non-performing loans[10]/gross loans[11]	4.34%	4.40%	4.29%	5.79%	2.49%
Allowances for impairment losses[12]/non-performing loans	69.00%	104.0%	93.00%	102.00%	159.00 %
Allowances for impairment losses[12]/total gross loans to customers	3.00%	4.60%	3.98%	5.00%	4.60%

	As at and for the six months ended 30 June		As at and for the year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
Impairment charges/average net loans[13]................................	1%	0.98%	1.8%	0.8%	0.7%

(1) Return on average equity is calculated as the Group's net profit for the period attributable to equity holders divided by the average of opening and closing balances of equity attributable to equity holders.

(2) Return on average assets is calculated as the Group's net profit for the period attributable to equity holders divided by the average of opening and closing balances of its total assets.

(3) Net interest margin is calculated as net interest income divided by the average monthly balance of interest-bearing assets during the applicable period.

(4) Cost to income ratio is calculated as operating expenses divided by operating income less net impairment charge.

(5) Calculated as operating expenses divided by the average of opening and closing balances of its total assets.

(6) Deposit liabilities include deposits from financial institutions, deposits from customers, debt securities issued and interest-bearing

(7) Liquid assets include cash and cash equivalents, investment under management, loans and advances to banks, treasury bills, trading assets and government bonds.

(8) Total capital is expressed as a percentage of total risk-weighted assets.

(9) Tier 1 capital is expressed as a percentage of risk-weighted assets.

(10) Non-performing loans ("**NPLs**") are past due loans to customers that are impaired.

(11) Non-performing loans to gross loans ratio is calculated as NPLs to customers divided by gross loans to customers.

(12) Allowances for impairment losses include allowances for specific impairment that relates to individually significant exposures, and allowances for collective loans, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

(13) Impairment charges on loans to average net loans ratio is calculated as impairment charges on loans for the period divided by the average of opening and closing balances of net loans for the period indicated.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the relevant Final Terms or the relevant Drawdown Prospectus.

Words and expressions defined in "**Form of the Notes**" and "**Terms and Conditions of the Notes**" shall have the same meanings in this Overview.

"**Issuer**":	Access Bank Plc.
"**Issuer Legal Entity Identifier** (**LEI**)":	029200328C3N9YI2D660.
"**Risk Factors**":	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These factors are set out under "*Risk Factors*". In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are also set out under "*Risk Factors*" and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
"**Description**":	Global Medium Term Note Programme.
"**Arrangers**":	Absa Bank Limited, Barclays Bank Plc, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Renaissance Securities (Cyprus) Limited and Standard Chartered Bank.
"**Dealers**":	Chapel Hill Denham Advisory Limited, Coronation Merchant Bank Limited, Mashreqbank psc, Rand Merchant Bank (a division of Firstrand Bank Limited (London Branch)) and any other Dealers appointed from time to time in accordance with the Programme Agreement.
"**Trustee**":	Citibank, N.A., London Branch.
"**Certain Restrictions and Approvals**":	The update of the Programme was duly authorised by a resolution of the Board of Directors of the Bank dated 28 June 2021 and a resolution of the Shareholders dated 25 April 2018. All necessary corporate and regulatory approvals will be obtained by the Bank prior to each issuance of Notes under the Programme. Each issue of Notes under the Programme that is denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Transfer and Selling Restrictions*") including the following restrictions applicable at the date of this Base Prospectus: **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the

	United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. See "*Subscription and Sale and Transfer and Selling Restrictions*". **Bearer Notes** The Notes in bearer form are subject to certain restrictions on transfer. See "*Subscription and Sale and Transfer and Selling Restrictions*".
"**Principal Paying and Transfer Agent for the Registered Notes**":	Citibank, N.A., London Branch.
"**Registrar**":	Citibank Europe Plc.
"**Programme Size**":	Up to U.S.$1,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) aggregate nominal amount of Notes outstanding at any time. The Bank may increase the size of the Programme in accordance with the terms of the Programme Agreement.
"**Distribution**":	Notes issued under the Programme may be distributed by way of private or public placement and in each case on a syndicated or non- syndicated basis.
"**Currencies**":	Notes issued under the Programme may be denominated in any currency agreed between the Issuer and the relevant Dealer, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
"**Maturities**":	The Notes issued under the Programme will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
"**Issue Price**":	Notes may be issued under the Programme at an issue price which is at par or at a discount to, or premium over, par.
"**Final Terms or Drawdown Prospectus**":	Each Tranche will be the subject of a Final Terms or a Drawdown Prospectus which, for the purpose of that Tranche only, completes (in the case of Final Terms) or supplements, amends and/or replaces (in the case of a Drawdown Prospectus) the Conditions and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the Conditions as completed by the relevant Final Terms or as supplemented, amended

	and/or replaced by the relevant Drawdown Prospectus.
"**Form of Notes**":	The Notes will be issued under the Programme in bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.
"**Clearing Systems**":	Euroclear and Clearstream, Luxembourg for Bearer Notes. Euroclear and Clearstream, Luxembourg or Euroclear, Clearstream, Luxembourg and the Depository Trust Company ("**DTC**") for Registered Notes or as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus.
"**Fixed Rate Notes**":	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer. Interest on Fixed Rate Notes in bearer form will only be payable outside the United States and its possessions, subject to Condition 6(e) (*Payments—General provisions applicable to payments*).
"**Reset Notes**":	Reset Notes will have reset provisions pursuant to which the relevant Notes will, in respect of an initial period, bear interest at the Initial Rate of Interest specified in the applicable Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) by reference to a Mid Swap Rate for the relevant Specified Currency, and for a period equal to the First Reset Period and each Subsequent Reset Period, the rate of interest will reset to the Mid-Swap Rate plus the First Reset Margin or the Subsequent Reset Margin (as applicable), in each case as may be specified in the applicable Final Terms or Drawdown Prospectus. Interest on Reset Notes will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms or the relevant Drawdown Prospectus.
"**Floating Rate Notes**":	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions; or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; (c) on such other basis as may be agreed between the Issuer and the relevant Dealer

	(as indicated in the relevant Final Terms or the relevant Drawdown Prospectus). The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes and specified in the relevant Final Terms or the relevant Drawdown Prospectus. Floating Rate Notes may have a maximum and/or a minimum interest rate. Interest on Floating Rate Notes in bearer form will only be payable outside the United States and its possessions, subject to Condition 6(e) (*Payments—General provisions applicable to payments*).
"**Other provisions in relation to Floating Rate Notes**":...	Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms or the relevant Drawdown Prospectus.
"**Zero Coupon Notes**":	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and redeemed at their nominal amount, or offered and sold at their nominal amount and redeemed at a premium to their nominal amount, as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus, and will not bear interest.
"**Alternative Terms and Conditions**":	The Issuer may agree with any Dealer that Notes may be issued under the Programme in a form not contemplated by the Terms and Conditions of the Notes and this general description of the Programme, in which event the relevant provisions will be included in the applicable Final Terms or Drawdown Prospectus.
"**Redemption**":...	The relevant Final Terms or the relevant Drawdown Prospectus will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or (in respect of Senior Notes only) the Noteholders. The terms of any such redemption, including notice periods and the relevant redemption dates and prices will be indicated in the relevant Final Terms or the relevant Drawdown Prospectus, and in the case of any relevant conditions to redemption to be satisfied, will be specified in the Conditions or the relevant Drawdown Prospectus. In respect of Senior Notes only, if the relevant Final Terms or the relevant Drawdown Prospectus so specify, Noteholders shall have the option, in the event of a Put Event, to require the Issuer to redeem or purchase the relevant Senior Notes at par plus accrued interest, as further described in

	Condition 7(f) (*Redemption and Purchase—Redemption or Purchase at the option of the Noteholders on a Put Event (Change of Control Put)*). In respect of Subordinated Notes only, if the relevant Final Terms or the relevant Drawdown Prospectus so specify, the Issuer shall have the option, in the event of a Capital Disqualification Event, to redeem all but not some only of the relevant Subordinated Notes, subject to having obtained the prior approval of the CBN if required pursuant to the Applicable Banking Regulations, at par plus accrued interest, as further described in Condition 7(d) (*Redemption and Purchase—Early Redemption of Subordinated Notes at the Option of the Issuer following a Capital Disqualification Event*). The Notes may be redeemed at the option of the Issuer in whole, but not in part, if the Issuer satisfies the Trustee that (i) following a Change in Tax Law becoming effective after the Issue Date of the Notes, on the next interest payment date the Issuer would be required to pay additional amounts and (ii) the requirement cannot be avoided by the Issuer taking reasonable measures available to it, **provided that** any additional amounts that become payable as a result of the expiration of the exemption contemplated by the CIT Order shall not be treated as a Change in Tax Law. Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution. See "*Certain Restrictions and Approvals: Notes having a maturity of less than one year*" above.
"**Denomination of Notes**":	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions and Approvals: Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Unless otherwise stated in the relevant Final Terms or the relevant Drawdown Prospectus, the minimum denomination of each Definitive IAI Registered Note will be U.S.$500,000 or its approximate equivalent in other Specified Currencies.
"**Taxation**":	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Relevant Jurisdiction as provided in Condition 8 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in

	Condition 8 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.
"**Negative Pledge**":	The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 4(a) (*Covenants—Negative Pledge*).
"**Certain Other Covenants**":	The Senior Notes and, where and to the extent specified as applicable in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), Subordinated Notes will also contain covenants relating to certain capital adequacy requirements and, amongst other things, a limited restriction on dividends and similar payments, and restrictions on certain consolidations or mergers, disposals and transactions with affiliates. See Condition 4 (*Covenants*).
"**Cross Default**":	The terms of the Senior Notes will contain a cross-default provision as further described in Condition 10 (*Events of Default and Enforcement*).
"**Status of the Senior Notes**":	The Senior Notes and any related Coupons are direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 4(a) (*Covenants—Negative Pledge*)) unsecured obligations of the Issuer and (subject as stated above) rank and will at all times rank *pari passu*, amongst themselves and at least *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
"**Status of the Subordinated Notes**":	Payments in respect of the Subordinated Notes will be subordinated as described in Condition 3(b) (*Status of the Notes—Status of the Subordinated Notes*) and the Trust Deed.
"**Rating**":	The Bank's current long-term foreign currency rating by S&P is B-, its current long-term foreign currency issuer default rating by Fitch is B and its current long-term foreign currency rating by Moody's is B2. Notes issued under the Programme may be rated by S&P, Fitch or Moody's, or may be unrated. Where a Series of Notes is rated, such rating will be disclosed in the relevant Final Terms or the relevant Drawdown Prospectus. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.
"**Listing and admission to trading**":	Application has been made to the FCA for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List of the

	FCA and to the London Stock Exchange for such Notes to be admitted to trading on its main market. Notes issued under the Programme may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Unlisted Notes and/or Notes not admitted to trading on any market may also be issued. The relevant Final Terms or the relevant Drawdown Prospectus will state on which stock exchanges and/or markets the relevant Notes are to be listed and/or admitted to trading.
"**Governing Law**":..	Notes issued under the Programme and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law, except Condition 3(b) (*Status of the Notes—Status of Subordinated Notes*) which shall be governed by, and construed in accordance with, Nigerian law.
"**Selling Restrictions**":...	There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, the EEA, Nigeria, Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale and Transfer and Selling Restrictions*".
"**United States Selling Restrictions**":..................	Regulation S (Category 2), Rule 144A and Section 4(a)(2); Bearer Notes will be issued in compliance with rules identical to those provided in: (a) U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) ("**TEFRA D**") or (b) U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) ("**TEFRA C**") such that the Bearer Notes will not constitute "registration required obligations" under section 4701(b) of the Code, as specified in the applicable Final Terms or the applicable Drawdown Prospectus. Such rules impose certain additional restrictions on transfers of the Bearer Notes. See "*Subscription and Sale and Transfer and Selling Restrictions*".

RISK FACTORS

Management believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

If the risks described below materialise, the Bank's business, results of operations, financial condition and/or prospects could be materially adversely affected, which could cause the trading price of the Notes to decline and investors to lose all or part of their investment. Furthermore, Notes issued under the Programme will have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Management believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Bank to pay interest, principal or other amounts on or in connection with any Notes issued under the Programme may occur for other reasons which may not be considered significant risks by the Bank based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Risks related to the Group

The majority of the Group's operations and assets are based in Nigeria; a slowdown in economic growth in Nigeria could materially and adversely affect the Group's businesses

As at 30 June 2021, 78.5% of the Group's revenues and 84.4% of its assets were derived from operations in Nigeria. The Group's income, results of operations and the quality and growth of its assets depends, to a large extent, on the performance of the Nigerian economy. The Bank also has subsidiaries in other countries, with its two largest subsidiaries: The Access Bank UK and Access Bank Ghana, contributing 11.39% and 4.85% of the Group's assets, respectively, as at 30 June 2021. However, the Group is also exposed to a limited extent to any macroeconomic and other factors in such jurisdictions in it which operates, including, but not limited to, such countries' response to, and recovery in light of, the effects of the COVID-19 pandemic.

In the past, Nigeria has experienced periods of slow or negative growth, high inflation, significant devaluation of the Naira and the imposition of exchange controls. In recent years, prior to the impact of the COVID-19 pandemic, Nigeria's economy showed signs of steady recovery after a period of contraction, high inflation and fluctuations in the value of the Naira. GDP grew by 1.89% in the first quarter of 2020, largely as a result of improved oil prices. However, the growth trajectory was reversed by a contraction in GDP in the second quarter of 2020 by 6.10% and in the third quarter of 2020 by 3.62% as a result of the effects of the restrictions to movement and economic activity implemented throughout Nigeria in the second half of 2020 in response to the COVID-19 pandemic. This turn of events resulted in consequential and detrimental effects on the Nigerian economy including, for example, the inflation rate in Nigeria rising significantly to 15.75% in December 2020, while the Nigerian economy formally slid into recession during the third quarter of 2020.

The COVID-19 pandemic has had an unprecedented adverse impact on the Nigerian economy. As a result of significantly lower levels of both domestic and international economic activity during the second and third quarters of 2020, occasioned by quarantine measures, foreign exchange illiquidity, reduction in trade lines from international financiers and Naira volatility, Nigeria's GDP for the full year 2020 was projected by the IMF to contract by 5.4% by the end of 2020. The Group's results of operations in 2020 and for the six months ended 30 June 2021 were significantly impacted by these macroeconomic issues, and the Group continues to experience adverse conditions as a result of COVID-19. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition*" for further information. Given the uncertainty surrounding the COVID-19 pandemic, including delays in Nigeria's mass inoculation programme in light of global supply shortages and low population uptake which may prolong the effects of the COVID-19 pandemic, there is a risk that the Group's business, results of operations and financial condition could be adversely impacted for a significant period of time. See "—*The outbreak of communicable diseases around the world, in particular the COVID-19 pandemic, has led to higher volatility in the global capital markets,* *which may materially and adversely affect the Group's business, financial condition and results of operations*".

The Group's retail business may also be adversely impacted by a slowdown in the Nigerian economy should the Group's retail customers be unable to make payments on existing loans provided by the Group, maintain their deposit accounts or experience a significantly decreased appetite for new loan products and services due to a decrease in consumer confidence and spending, late salary payments (including by state employers) or job loss caused by the factors described above. The impact on retail customers' ability to repay loans can be observed in the Group’s expected credit losses ("**ECL**") for loans to retail customers with an increase from ₦761 million as at 31 December 2020 to ₦1,254 million as at 30 June 2021 in Stage 2 loans and an increase from ₦2,621 million as at 31 December 2020 to ₦6,087 million in Stage 3 loans, in each case as at 30 June 2021. See "*Selected Statistical and Other Information—Loan portfolio*" and "*Selected Statistical and Other Information—Non-performing loans*" for further information about the classification of the Group's loans. Any such significant declines in retail deposits or further increases in retail loan defaults could increase the Group's liquidity risk, lower its credit quality and have a material adverse effect on the Group's business, results of operation and financial condition.

Any deterioration in economic conditions in Nigeria, including a significant depreciation of the Naira or a significant increase in interest rates, could materially and adversely affect the Group's borrowers and contractual counterparties. See, for example, "*—The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies* ". This, in turn, could materially and adversely affect the Group's results of operations and/or financial condition, including the Group's ability to grow its loan portfolio, the quality of its assets and/or its ability to implement its business strategy.

The outbreak of communicable diseases around the world, in particular the COVID-19 pandemic, has led to higher volatility in the global capital markets, which may materially and adversely affect the Group's business, results of operations and financial condition

The outbreak of communicable diseases on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets. COVID-19 has spread to many countries around the world, including Nigeria and other countries in which the Group operates. In March 2020, the United States, the EU and countries all around the world, began imposing travel restrictions, as well as other restrictions, which aim to reduce in-person interactions. These measures, while aimed to slow the spread of COVID-19, have resulted in significant reductions in economic activity globally. While a number of restrictive measures have been reduced across numerous countries, it is currently unclear how long the remaining restrictions will be in place and what their ultimate impact will be on global, regional and local economies.

To date, the COVID-19 pandemic has negatively impacted the global economy and the Nigerian economy, due to disrupted global supply chains and lowered equity market valuations. The COVID-19 pandemic has also created significant volatility and disruption in financial markets, whilst increasing unemployment levels. The COVID-19 pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many states and communities.

Following the outbreak of the COVID-19 pandemic in the first quarter of 2020, the CBN unveiled a number of measures to cushion the impact on the economy and financial system, including a temporary regulatory forbearance for banks to restructure loans granted to agriculture, oil and gas and manufacturing clients in a transparent way, while maintaining financial system stability. See *"Management's Discussion and Analysis of Results of Operations and Financial Condition—Significant factors affecting results of operations—The Forbearance Programme"*. Commercial banks in Nigeria took advantage of the regulatory forbearance to restructure loans, with up to ₦7.7 trillion or 43.02% of industry loans restructured by banks in September 2020. Although 16.5% of the Group's loan book was restructured in 2020, the Group did not observe any loans that necessitated a restructuring or write-off due to the inability of its customers’ ability to service their loans as a result of the impact of the COVID-19 pandemic. Instead, the Bank proactively identified and restructured customers that it determined were vulnerable to the COVID-19 pandemic. There can be no assurances that the asset quality of the Nigerian banking sector, whether individually or in aggregate, will not deteriorate as a result of the uncertain and ongoing risks presented by the COVID-19 pandemic, which may adversely affect the Group's financial position. In August 2021, Nigeria witnessed a third wave of the COVID-19 pandemic as cases of the Delta variant of the virus increased across several states (primarily in Lagos, Akwa Ibom, Oyo, Rivers, Kano, Plateau and Abuja).

For the Group, normal banking activities were disrupted during the COVID-19 pandemic lockdown in 2020. Six branches were closed due to reported cases of COVID-19, and the Group encountered other issues such as supply chain challenges, restrictions on travelling, increased expenses associated with disinfectants and disinfection of office premises, health and safety concerns, especially during the lockdown, cyber threats, and issues associated with the remote working of the branches' employees. While a significant portion of the Group's business operations have moved from traditional banking to digital and agent banking, and over half of the Group's employees have moved to working remotely, the Group's operations may be disrupted if significant portions of the Group's workforce are unable to work effectively, due to illness, additional quarantines, government actions, or other restrictions in connection with the COVID-19 pandemic.

Furthermore, the COVID-19 pandemic has consequently affected the business of many of the Group's borrowers (particularly those in the oil and gas and trade sectors) resulting in the recognition of credit losses in the Group's loan portfolios and increases in the Group's allowance for credit losses, particularly as businesses remain closed, migration is restricted and more customers are expected to draw on their lines of credit or seek additional loans to help finance their businesses. Notably, impairment charges grew from ₦20.2 billion for 2019 to ₦62.9 billion for 2020 and were ₦28.7 billion for the six months ended 30 June 2021. In response to the COVID-19 pandemic and its impact on the Nigerian economy, the Federal Government and CBN introduced financial forbearance and other measures to support businesses and individuals impacted by the COVID-19 pandemic. These credit losses may increase in the future once the Federal Government support programmes (including the CBN's forbearance programme (the "**Forbearance Programme**")) for affected business start to wind down. See *"Management's Discussion and Analysis of Results of Operations and Financial Condition—Significant factors affecting results of operations—The Forbearance Programme"*. Similarly, because of the changing economic and market conditions, the Group may be required to recognise other-than-temporary impairments in future periods on the securities it holds as well as reductions in other comprehensive income.

However, there can be no assurances that these measures will sufficiently mitigate the adverse effects of the COVID-19 pandemic on the Group's customers and borrowers, which may materially and adversely affect the Group's business, results of operations and financial conditions.

The extent to which the COVID-19 pandemic impacts the Group's business, results of operations, and financial condition, as well as the Group's regulatory capital and liquidity ratios, will depend on future developments including any vaccinations initiatives and their success in Nigeria, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic. As at 5 September 2021, approximately 5 million people in Nigeria were vaccinated according to the World Health Organization, in spite of the Federal Government's stated aim of effectively vaccinating 80 million people by the end of 2021. The Federal Government's target remains exposed to the availability of vaccination doses, supply shortages and/or delays and widespread participation by the Nigerian population. The foregoing factors may prolong the effects of the COVID-19 pandemic, and so the Group may need to consider adjustments to specific elements of its operations and/or customer exposures, including loan maturity or repayment extensions and restructuring, full migration of customer transactions to alternative channels, and adoption of a remote-work model to support critical functions and manage key customer relationships, which individually or in aggregate may materially and adversely affect the Group's business, results of operations and financial condition.

As part of the Group's response to the COVID-19 pandemic, the Group received in July 2020 a loan of up to U.S.$50 million from the International Finance Corporation ("**IFC**") to help the Bank increase liquidity to SMEs in Nigeria, which are navigating the economic challenges of the COVID-19 pandemic. The Group is expected to repay the loan in July 2022. The funds from the loan, made through IFC's global COVID-19 fast-track financing support package, have allowed the Group to provide increased trade financing and working capital to their SME clients experiencing disrupted cash flows, supporting business activity and preserving jobs. Additionally, the CBN helped provide financing support to the businesses worst hit by the pandemic and the CBN provided additional direct credit support estimated at ₦2 trillion or 1.3% of GDP. However, should the COVID-19 pandemic worsen the probability of accessing further funding in the future is not guaranteed. See *"Management's Discussion and Analysis of Results of Operations and Financial Condition—Significant factors affecting results of operations—Impact of COVID-19"*.

Decline in interest rates from government securities could adversely affect the Group's performance

Nigeria's banking sector has continued to struggle with macroeconomic pressures such as rising inflation and unemployment which has resulted in reduced spending and investment by both individuals and governments.

The CBN's Cash Reserve Requirement ("**CRR**") requires banks in Nigeria to hold an increasing quantity of deposits with the CBN, thereby reducing their ability to lend as these reserves are only available for intervention funds. Management believes its profitability in 2020 and 2021 has been negatively impacted by the CRR, which is 27.5% as at the date of this Base Prospectus, as the money is required to be held as reserves at the CBN and not invested in interest-earning assets. As at 30 June 2021, the Group’s CRR reserves at the CBN amounted to ₦1,314,770 million.

In 2020, the Group's average yield on government securities was 9% compared to 16% in 2019. This decline was driven by the downturn of economic activities both in the global and domestic economy caused by the COVID-19 pandemic and fluctuations in the price of oil. Several economic stimuli were deployed by the Federal Government which contributed to the decline in the Nigerian commercial banks' interest income, such as a one-year extension of a moratorium on principal repayments for CBN intervention facilities, and the reduction of the interest rate on intervention loans from 9% to 5%. At the same time, policy measures to stabilise the financial system and increase lending to stimulate the production of goods and services have increased pressures on banks. The CBN's downward fee revisions to electronic banking charges, which took effect in January 2020 and were designed to ensure the protection of consumer rights as more individuals are financially included, have had a negative effect on Nigerian commercial banks' fees and commission income.

Further, the interest rates of treasury bills were on a steady decline in recent years with rates reaching as low as 1.15% in August 2020, compared to a high of 17.1% in 2019. The average rate on treasury bills as at 30 June 2021 was 3.5%. Interest rates on treasury bills decreased to record low interest rates in 2020, primarily as the government aimed to drive the loan-to-deposit ratio ("**LDR**") of the banks to stimulate the economy by ensuring financial institutions focus on growing credit rather than in investing in government treasury bills. This had a negative impact on the Group’s income due to consequential reductions in the associated yield of such instruments. However, even though the rates on treasury bills declined, the Group's volume of investment in treasury bills increased from ₦1,093 million as at 31 December 2018 to ₦2,434 million as at 30 June 2021.

Despite a reduction in interest expense from ₦260 billion in 2019 to ₦226 billion in 2020, the Bank's net interest income declined from ₦277 billion in 2019 to ₦263 billion in 2020 as a result of the decline of the abovementioned rates. If interest rates on Government securities continue to decline, this could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's business is susceptible to risks associated with international operations in various countries outside of Nigeria, and the Group's exposure to these risks will increase as the Group's business continues to expand

As at 30 June 2021, 21.5% of the Group's revenues and 15.6% of its assets were derived from or situated outside of Nigeria and part of the Group's five-year strategy (2017-2022) is focused on becoming “Africa's Gateway to the World”. See "*Description of the Group—Strategy*".

The Group's international operations and the use of its systems in various countries subjects the Group to risks that it does not generally face with respect to its operations within Nigeria. As it enters new countries and markets, it must tailor its services and business model to the particular circumstances of such countries and markets, which can be complex, difficult, costly, divert management and personnel resources and may not yield the anticipated benefits. These risks include, but are not limited to:

- currency exchange rates;
- unreliability of local infrastructure, payment, postal and delivery fulfilment systems;
- greater difficulty in enforcing contracts;
- lack of familiarity and burdens and complexity involved with complying with multiple, conflicting and changing laws in multiple jurisdictions and compliance therewith;

- uncertainty regarding liability for services and content, including uncertainty as a result of local laws and lack of precedent;
- unstable political, financial, economic or legal systems, including exposure to local economic or political instability, threatened or actual acts of terrorism and security concerns in general;
- standards, regulatory requirements, tariffs, export controls and other barriers;
- data privacy laws which may require that merchant and customer data be stored and processed in a designated territory;
- difficulties in managing systems integrators and new technology partners;
- differing technology standards;
- slower adoption of the internet and mobile devices and lack of appropriate technological and legal infrastructure to support widespread and consistent internet and mobile device usage in those markets;
- potentially adverse tax consequences, including the complexities of foreign value added tax (or other tax) systems;
- restrictions on the repatriation of earnings;
- difficulties in attracting and retaining qualified employees in certain markets, as well as managing staffing and operations due to increased complexity, distance, time zones, language and cultural differences;
- reduced or uncertain protection for intellectual property rights in some countries; and
- new and different sources of competition.

These factors individually or in aggregate may cause the Group's costs of doing business in foreign jurisdictions to increase materially and may also require significant management attention and financial resources. Any such negative impact from the Group's international business strategies and operations could adversely affect its business, results of operations and financial condition.

The Group may not be successful in implementing its strategic aims

The Group has grown rapidly in a short period of time, primarily through acquisitions and the growth of its loan book. Historically, the largest portion of the Group's assets has been invested in investment securities, primarily Nigerian federal and state government bonds and treasury bills. However, in the last couple of years, in an effort to meet its loan-to-deposit ratio obligation set by the CBN, the Group has increased the amount of its lending, focusing on the private and corporate clients (institutional and commercial). Also, the Group has expanded its scope of operations significantly and may expand further by opening new domestic and foreign branches in the future. The degree of expansion of the Group's activity may put new demands and pressures on its management and systems. In addition, such activities in the past have required and, if this growth continues, will require significant allocation of capital and management resources, further development of the Group's financial, internal controls and information technology systems, continued upgrading and streamlining of its risk management systems and additional training and recruitment of management and other key personnel. At the same time, the Group must maintain a consistent level of client services and current operations to avoid loss of business or damage to its reputation. The Group's ability to successfully implement its strategic objectives will depend on its ability to successfully manage its growth and to cost effectively develop any new branches as well as to secure and effectively allocate resources to meet the needs of its expanded business. See *"—The Group's planned reorganisation under a new holding company structure may be costly and complex*", *"—The Group has in the past made and, in the future, may make acquisitions and investments, which could divert management's attention, result in operating difficulties and otherwise disrupt the Group's operations and adversely affect its business, results of operations and financial condition", "—The Group is subject to risks relating to its information technology systems and its ability to remain competitive depends on its ability to upgrade such* *systems"* and *"Description of the Group—Strategy"*. Further, the current strategy will expire in 2022 and the Group intends to implement a new ten-year strategy which it expects to finalise by 30 June 2022.

Management of the Group's growth has required significant managerial and operational resources and has increased the overall complexity of the Group's business and such demands will continue to increase with the expansion of the Group's banking business. As the Group's loan and deposit portfolio and business grow, the Group will need to obtain new resources, particularly personnel and upgraded information technology infrastructure, to manage the growth and to control the credit quality of its loan book. If the Group fails to manage its growth successfully, this could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's planned reorganisation under a new holding company structure may be costly and complex

Consistent with its strategy of expanding outside of Nigeria, the Group is in the process of re-organising under a new holding company structure that will permit certain business operations to operate under operating companies that are separate from the Bank. The steps required to carry out the reorganisation are complex and may be costly, and the Group may encounter unexpected challenges in implementing the reorganisation, including, but not limited to, prolonged scrutiny from the relevant regulators or any delays in obtaining the relevant licences and regulatory approvals required for the new operating companies to carry out their business activities in accordance with the Group's strategy, which may in turn have a material adverse effect on the Group's business, results of operations and financial condition. See "*Description of the Group—Proposed Corporate Reorganisation*".

The Group has in the past made and, in the future, may make acquisitions and investments, which could divert management's attention, result in operating difficulties and otherwise disrupt the Group's operations and adversely affect its business, results of operations and financial condition

Acquisitions represent an important part in the Group's overall strategy, and, from time to time, the Group evaluates potential strategic acquisition or investment opportunities. Any transactions that the Group enters into could be material to its financial condition and results of operations. For example, in 2019 primarily as a result of the Diamond Bank Merger the Group's NPLs increased from 2.49% of its total loan portfolio as at 31 December 2018 to 5.79% of its total loan portfolio as at 31 December 2019. As at 30 June 2021, the Group's NPLs represented 4.34% of its total loan portfolio. Future acquisitions could pose similar or other risks to the Group's operations and financial condition.

The process of acquiring and integrating another company or investing in and integrating new technology initiatives or platforms could create unforeseen operating difficulties and expenditures. Acquisitions and investments involve a number of risks, such as:

- diversion of management time and focus from operating the business;
- use of resources that are needed in other areas of the business;
- implementation or remediation of controls, procedures and policies of the acquired company;
- difficulty integrating the accounting systems, IT systems and operations of the acquired company, including potential risks to the Group's corporate culture;
- co-ordination of product, engineering and selling and marketing functions, including difficulties and additional expenses associated with supporting legacy services and products and hosting infrastructure of the acquired company and difficulty converting the customers of the acquired company onto the Group's platforms and contract terms;
- retention and integration of employees from the acquired company;
- unforeseen costs or liabilities;
- adverse tax consequences;
- litigation or other claims; and

- the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.

See "—*The Group is subject to risks relating to its information technology systems and its ability to remain competitive depends on its ability to upgrade such systems*" for further information on the Group's information technology investments and initiatives.

Over the last several years, the Group has also acquired businesses outside of Nigeria which can present new and different risks to that are specific to that geography. See *"— The Group's business is susceptible to risks associated with international operations in various countries outside of Nigeria, and the Group's exposure to these risks will increase as the Group's business continues to expand*".

In addition, a significant portion of the purchase price of acquisitions may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. Further, the Group may not be able to identify acquisition or investment opportunities that meet its strategic objectives, or, to the extent such opportunities are identified, the Group may not be able to negotiate terms with respect to the acquisition or investment that are acceptable to it. In the future, if the Group's acquisitions or investments do not yield expected returns, it may be required to take charges or impairments to its operating results based on this impairment assessment process, which could adversely affect the Group's business, results of operations and financial condition.

The effect of an unsuccessful introduction of new products could result in the Group not being able to achieve its intended results

Expansion of the Group's business activities (into new geographies or new market segments), or the introduction of new products (for example, mobile banking, franchised products or additional electronic banking ("**E-Banking**") products) exposes the Group to a number of risks and challenges, including the following:

- the Group may have limited or no experience in certain new business activities and may not compete effectively in these areas;
- there is no guarantee that the Group's new business activities will meet expectations for profitability;
- the Group will need to hire or retrain personnel who are able to conduct new business activities; and
- the Group must continually add to the capability of its risk management and information technology systems to support a broader range of activities.

If the Group is not able to achieve the intended results in these new business areas or products, its business, results of operations and financial condition may be materially adversely affected. In addition, if the Group fails to promptly identify and expand into new areas of business to meet the increasing demand for certain products and services, the Group may fail to maintain its market share or lose some of its existing customers to its competitors. See *"—The Group is subject to risks relating to its information technology systems and its ability to remain competitive depends on its ability to upgrade such systems"*, *"Description of the Group—Strategy"* and *"Description of the Group—Description of Business—Digital Banking"*.

The Group's loan portfolio is concentrated to borrowers in the oil and gas sector and as such, the Bank's business is highly dependent on oil production in Nigeria, global prices of oil and developments in the Nigerian oil and gas sector

The oil and gas sector is the largest concentration in Group's loan portfolio, and such loans constituted ₦995 billion or 24.9% of the Bank's gross loans and advances to customers as at 30 June 2021. As such, the Group's business is highly sensitive to oil prices and by Nigeria's level of oil and gas production.

In addition, the Group's financial results and condition depends to a significant extent on the performance of the Nigerian economy. The Nigerian economy is highly influenced by oil prices and by the country's level of oil and gas production. Fluctuations in oil and gas prices impact numerous areas of the Nigerian economy, such as the manufacturing, power and energy, construction and real estate sectors. As such, any weakened performance in these sectors could result in increased liquidity risk, declines in the Group's credit quality, an increase in non-performing loans and other material adverse effects on the Group's business, results of operations and financial condition.

Factors affecting oil prices

Oil prices are subject to wide fluctuations in response to relatively minor changes in the supply of, and demand for, oil, market uncertainty and a variety of additional factors that are beyond the Group's control. These factors include, but are not limited to, the impact of the COVID-19 pandemic, political conditions in the Middle East, Africa and other regions, internal and political decisions of the Organisation of the Petroleum Exporting Countries ("**OPEC**") and other oil producing nations as to whether to decrease or increase production of crude oil, domestic and foreign supplies of oil, consumer demand, weather conditions, domestic and foreign government regulations, transport costs, the price and availability of alternative fuels and overall economic conditions. Such factors have led to significant fluctuations in world oil prices in recent years. Given the significant contribution of oil revenues to GDP growth in Nigeria, a decline in oil prices might lead to, or signal, weak performance of the Nigerian economy, including the possibility of worsening the economic recession. The direct contribution of the oil and gas sector to Nigeria's GDP has declined over the years to a relatively low level of 9.2% in the first quarter of 2021, compared to the dominant non-oil sector which contributed 91.4% to GDP in the same year. However, Nigeria's economy remains vulnerable to oil price shocks, due to the outsized contribution of the oil and gas sector to exports and central government fiscal revenue (33.3% in 2020 according to the Budget Office). According to the NBS, the oil and gas and gas sector's contribution to Nigeria's real GDP was 8.16% in 2020. In 2020, the oil sector accounted for over 87.4% of export earnings; despite contracting by 8.9% in the same year.

The CBN directive issued in January 2019 that waived interest earned from 1 July 2017 to 31 December 2018 on loans from banks (including the Group) to obligors in the downstream oil and gas sector increased the financial exposure of Nigerian banks (including the Group) to the downstream participants. These participants had exposure to subsidy arrears due to them from the Federal Government and these subsidy arrears exacerbated their financial condition, which has in turn had a negative financial impact on Nigerian banks, including the Group. The Federal Government responded by issuing promissory notes for the payment of subsidy debts, which are used by the Group's creditors to repay their outstanding loans. The first tranche (and the only one so far) of promissory notes with a maturity of December 2019 were issued to downstream participants in December 2018. Downstream participants in Nigeria's oil & gas market, including those to which the Group is exposed, are engaged in further reconciliation of receivables with the relevant government agencies in Nigeria. These developments have impacted the amount of credit provisioning required by the Group, contributing to NPLs in the oil and gas sector comprising 42.8% of the Group's total NPLs as at 31 December 2020.

The upstream oil and gas sector is highly volatile, due to frequent boom and bust cycles in oil prices, and outages in oil production as a result of security challenges and OPEC production cut agreements. The downstream sector also faces challenges of margin pressure, as a result of Government regulation on prices of petroleum products, and issues relating to subsidy payments and logistical challenges. In 2020, owing to the significant decrease in the prices of crude oil and associated fiscal challenges, the Federal Government announced the removal of fuel subsidy through the implementation of the market-based pricing regime for Premium Motor Spirit ("**PMS**"). The price of PMS consequently moved up to ₦164.09/litre in December 2020 from ₦145.35/litre in December 2019. However, as oil prices surged above U.S.$60/barrel in the first quarter of 2021, the Federal Government has been struggling to rally the support of the labour unions in order to pass on the increase to consumers. This represents a downside risk to companies within the downstream oil and gas sector as margins will struggle to improve in the absence of full deregulation of the sector. This could have an adverse impact on the Group's downstream oil and gas loan portfolio.

Factors affecting oil production

Oil production in Nigeria has fluctuated in recent years, primarily as a result of violence in the Niger Delta region. Militant activity in the Niger Delta region has led to significant disruptions in the production of oil. Although the Federal Government was able to reduce militant activity through mediation and negotiation in 2017, no assurance can be given that militant activity will not increase from current levels or that violence in the Niger Delta region will not lead to significant disruptions in oil production in future periods. See "*—Militant activities in the Niger Delta could destabilise oil production in Nigeria, adversely affecting Nigeria's economy and the Group's business*". For example, in recent months there has been increased agitation in some states in the South-East and South-South regions of Nigeria. Such unrest could escalate into renewed attacks on Nigeria's crude oil infrastructures. Consequently, given Nigeria's heavy reliance on crude oil revenues, reductions in oil production could have a material adverse effect on the Nigerian economy, the Group's business and its to fulfil its obligations under any Notes issued under the Programme.

Another important factor currently affecting Nigeria's oil and gas industry is the outbreak of the COVID-19 pandemic, which led to the imposition of oil production limits by the OPEC and other oil producing nations. As a result of these oil production cuts, Nigeria's oil production decreased to 1.72 million barrels per day ("**mb/d**") in the first quarter of 2021 from 2.07 mb/d in the first quarter of 2020. The decline in oil production, as well as the restrictions related to the COVID-19 pandemic, contributed to weaker economic output in 2020. For context, following COVID-19 induced strain on economic activities, Nigeria slipped into recession in the third quarter of 2020 before rebounding in the last quarter of 2020. The cumulative impact of this strain translated into Nigeria reporting a contraction in GDP of 1.79% in 2020. However, given the gradual opening of the economy and the Federal Government's efforts to boost vaccinations, the recession in Nigeria was short-lived, with real GDP growth making a rebound to positive territory in the fourth quarter of 2020, albeit marginal at 0.1% year-on-year. In the first quarter of 2021, Nigeria's economy further expanded by 0.51% year-on-year and in the second quarter of 2021 increased to 5.01% year-on-year reflecting improvement in both the oil and non-oil sector, due to an increase in economic activities. Notwithstanding such recovery, OPEC and other oil producing nations are yet to fully lift their oil production limits, and there can be no assurance on whether and when oil production will return to pre-COVID-19 levels of approximately 2.0 mb/d.

There may also be a loss of revenue arising from the interruption of production operations and theft of crude oil from pipelines and tank farms. According to the Nigeria National Petroleum Corporation ("**NNPC**"), a total of 546 instances of vandalism incidents were recorded between April 2020 to April 2021. In addition, there may be a high incidence of abandoned projects by oil companies in communities where activities are disrupted by militants, which may lead to slower growth in oil and gas production. Many developed economies are actively seeking to develop alternative sources of renewable energy and reduce their dependence on fossil fuels as a source of energy. Any long-term shift away from fossil fuels could adversely affect oil prices and demand and the resulting oil revenue of Nigeria and the Nigerian economy in general, and, as a result, have a material adverse effect on the Group's business, results of operations and financial condition.

No assurances can be given that oil production or oil prices will not decline and have a material adverse effect on the Nigerian economy as a whole, which could adversely impact the Group's business and the Group's customers. The impact of continued weak or declining oil production or oil prices may not just be limited to an adverse impact on the Group's oil and gas customers, but could adversely impact the performance of the Group's customers in those sectors whose performance is linked with that of the oil sector. These include the public sector, the manufacturing and construction sector (where demand for services is linked with the oil sector), the consumer sector, which is dependent on consumer confidence, employment rates and the performance of the economy as a whole. Weak oil production and oil prices may further adversely affect the Group's credit quality, loan portfolio growth, as well as the prices of real estate and other property held as collateral for loans, which may lead to an increase in non- performing loans and loan impairment charges. As with all Nigerian banks, a significant portion of the Group's growth and operating profit arises from customers in the oil sector or sectors linked to the performance of the oil sector and as such the Group's business, results of operations and financial condition are particularly exposed to the risk of a downturn in the Nigerian economy generally and in the oil and gas sector in particular. See "*—The Group's loan portfolio is concentrated to borrowers in the oil and gas sector and as such, the Bank's business is highly dependent on oil production in Nigeria, global prices of oil and developments in the Nigerian oil and gas sector*".

Militant activities in the Niger Delta could destabilise oil production in Nigeria, adversely affecting Nigeria's economy and the Group's business

In recent years, there has been an increase in violence and civil disturbance in the Niger Delta, Nigeria's southern oil-producing region, mainly from militant groups who oppose, amongst other things, the activities of the oil companies operating in the region. This violence has mainly focused on oil interests in the region and oil production from onshore fields has slowed as a result of several kidnappings and bombings of oil installations and facilities. The outcome of such actions may have a continued significant impact on Government revenues from oil production, given that most of Nigeria's oil revenues come from oil produced in the Niger Delta region.

Since March 2016, a new militant group, the Niger Delta Avengers ("**NDA**") has carried out attacks in the Niger Delta on infrastructure belonging to several international oil companies such as Shell, ENI and Chevron. These attacks forced companies to declare force majeure under their operating contracts. While the NDA has declared a ceasefire, product theft and pipeline security remain major challenges facing Nigeria's oil and gas industry. Militant activity in the Niger Delta has led to significant disruptions in the production of oil and no assurance can be given that militant activity will not continue or increase from current levels or that violence in the Niger Delta region will not lead to significant disruptions in oil production in future periods.

In addition, increased oil activity may create new conflicts between local communities and oil companies. In March 2016, certain Niger Delta communities brought a court action against Royal Dutch Shell due to the damage that farming and fishing communities had allegedly suffered as a result of repeated oil spills from pipelines. In January 2021, the court granted its verdict in favour of the host communities, and ordered Royal Dutch Shell to pay ₦45.9 billion as compensation to the Niger Delta community in Rivers State.

Elsewhere, the South-Eastern region of Nigeria has also experienced protest and unrest, primarily as a result of the demand for secession led by the Indigenous People of Biafra ("**IPOB**") and the emergence of another secessionist movement, the Yoruba Nation, in the South-Western region of Nigeria. Alongside the subsisting terrorist attacks in the North by Boko Haram have continued to cause widespread security concerns across different regions in the country as well as disruption to economic activities in the various regions and political instability in Nigeria more generally.

In spite of the Federal Government's efforts, militant acts in the Niger Delta continue to be directed at oil industry participants and against the presence of foreign oil interests in the region, and there is no assurance that militant acts will not occur in the future. Continued unrest in the Niger Delta and abovementioned regions, or in Nigeria more generally, may lead to lower oil production, deter foreign direct investment, lead international oil companies to curtail their operations in Nigeria or lead to increased political instability and unrest, and could have a material adverse effect on Nigeria's economy and, as a result, on the Group's business, results of operations and financial condition.

The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies

The Group is exposed to foreign exchange risk, as a result of adverse movements in exchange rates, primarily through its loan and deposit portfolios that are denominated in foreign currencies and through acting as an intermediary in foreign exchange transactions between central and commercial banks. Given the wide spread between the official and parallel market, the Group is exposed to risk of further foreign exchange rate depreciation, increased costs from foreign exchange-related contracts and other operating expenses. Furthermore, The Group may experience declines in asset quality following the Naira depreciation. As such, any further significant fluctuations in the Naira against such foreign currencies could have a material adverse effect on the Group's financial condition, liquidity and/or results of operations.

The Group's presentation and functional currency is the Naira. As at 30 June 2021, 31 December 2020, 31 December 2019 and 31 December 2018, 34.18%, 31.53%, 29.29% and 43.50% of the Group's financial assets, respectively, and 44.42%, 40.53%, 46.44% and 55.77% of the Group's financial liabilities, respectively, were denominated in foreign currencies, principally the U.S. dollar. Monetary assets and liabilities originally denominated in foreign currencies are translated into Naira at the relevant balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Group's income statement. As a result, the Group's reported income is affected by changes in the value of the Naira with respect to foreign currencies, primarily the U.S. dollar, which has worsened as a result of the COVID-19 pandemic. Following strong recommendations by the IMF and the private sector, on 20 June 2016 the CBN abandoned its previous policy of pegging the Naira to the U.S. dollar and reintroduced market-driven currency trading under a flexible exchange rate system. On the day of the CBN's announcement, the CBN official exchange rate for the Naira fell approximately 42.0% in value, from ₦196.5 to the U.S. dollar to ₦279.5. The Naira subsequently stabilised, and was valued at ₦379.5, ₦360.5, and ₦306.5 to the U.S. dollar as at 31 December 2020, 31 December 2019 and 31 December 2018, respectively (CBN official exchange rate). However, as a result of the impact of the

COVID-19 pandemic, the Naira experienced a further devaluation, and the CBN official exchange rate per U.S. dollar was ₦410.66 as at 30 June 2021. There can be no assurances that the Naira will not devalue further against the U.S. dollar or other currencies. As a result of the trending devaluation of the Naira against the U.S. dollar since the removal of the peg in 2016 the Group has sought to limit its foreign currency risk and aims to only grant foreign currency loans to obligors with foreign currency receivables, although there can be no assurance that the Group will not be able to successfully manage this should the Naira continue to devaluate relative to foreign currencies.

In March 2017, the CBN directed all banks to adopt certain measures aimed at facilitating and expediting authorised retail sales of foreign currency. In April 2017, the CBN established a special foreign exchange window dedicated to investors, exporters and end-users (the "**I&E Window**"). According to the CBN, the I&E Window will boost liquidity in the foreign exchange market and ensure timely execution and settlement of eligible transactions. Unlike the CBN's official exchange rate, the exchange rate at I&E Window is determined based on prevailing market circumstances by the FMDQ, thus ensuring efficient and effective price discovery in the Nigerian foreign exchange market. However, at the Secondary Market Intervention Sales (SMIS) window, the CBN auction foreign exchange to importers at rates within a band determined by the CBN. Prior to July 2020, rates were set at a floor of ₦360/$1 and a ceiling of ₦385/$1 and bidders were expected to bid within that range. The floor subsequently increased to ₦380/$1 in July 2020. The higher the bid the better the chances of getting foreign exchange. In May 2021, the CBN removed the official exchange rate of ₦379:U.S.$1 from its website, in a bid to unify Nigeria's foreign exchange rates; and effectively adopted the NAFEX rate as the official exchange rate for the Naira. As at 30 June 2021, the Bank uses the NAFEX rate for its banking operations. While the Bank primarily uses the NAFEX rate to translate its balance sheet, its borrowers may choose or, due to a currency shortage at a particular rate, be forced to use, any of the above mentioned exchange rates to obtain the necessary currency to pay their debts. As the rates differ materially, the foreign exchange cost to the Bank's borrowers could also vary significantly each time they translate their loan payments.

In 2020, foreign exchange liquidity challenges resurfaced as a result of the COVID-19 pandemic induced sharp decline in oil prices and decline in private capital inflows. Turnover in the I&E Window fell by 45% to U.S.$145 million in 2020 from U.S.$263 million in 2019, and further declined to an average of U.S.$79 million year to date in 2021, while the foreign exchange rate in the segment weakened by 11.3% to ₦410 to the U.S. dollar. However, parallel market spread has widened as a result of lack of flexibility in the pricing of the currency in the official segments, with the currency exchanging within the range of ₦490 to ₦500 to the U.S. dollar within the segment.

The Group is also subject to translation risk. Monetary assets and liabilities originally denominated in foreign currencies are translated into Naira at the relevant balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Group's income statement. Having a significant net foreign currency balance sheet position tends to result in foreign exchange translation gains when the Naira depreciates against such foreign currencies and in foreign exchange translation losses when the Naira appreciates against such foreign currencies in nominal terms. Gains and losses arising from such translations are reflected in the Group's income statement as foreign translation gains less losses. As a result, the Group's reported income is affected by changes in the value of the Naira with respect to foreign currencies (primarily the U.S. dollar). As at 30 June 2021, the Group's foreign currency liabilities exceeded its foreign currency assets by U.S.$1.98 billion. Although the Group has entered into forward contracts, including cross-currency linked forward contracts, to hedge against the mismatches in the foreign currency structure of its assets and liabilities, these measures may not adequately protect the Group from the effect of exchange rate fluctuations or may limit any benefit that the Group might otherwise receive from favourable movements in exchange rates. Should currency control measures or the Naira peg be reintroduced, the Group and its customers may also face renewed foreign exchange liquidity risks.

In addition, the Group's customers may be subject to substantial foreign exchange risk, which indirectly affects the Group's credit risk profile. As at 30 June 2021, 28.75% of the Group's gross loans and advances to customers, respectively, were denominated in foreign currencies, mainly U.S. dollars, primarily due to its lending to companies in the oil and gas and power sectors and in connection with its trade finance business. While many of the Group's borrowers of foreign currency denominated loans have significant foreign currency denominated cash flows, any significant further decline in the value of the Naira may result in borrowers being unable to repay foreign currency denominated loans, and other fluctuations in the value of the Naira against foreign currencies may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, the significant devaluation of the Naira as a result of the COVID-19 pandemic, coupled with a precipitous fall in the price of oil in April 2020, which provides 90% of the country's foreign exchange, has led to a U.S. dollar currency shortage in Nigeria. Due to this currency shortage, the Group's borrowers may struggle to obtain the U.S. dollars they require to pay their foreign currency denominated loans and advances, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's investment and loan portfolios and deposit base are highly concentrated

The Group's investment portfolio (consisting of non-pledged trading assets, pledged assets, investment securities, and investment properties) constituted 24.21% of total assets, or ₦2,434.8 billion as at 30 June 2021 compared to 22.49% of total assets, or ₦1,746.6 billion, as at 30 June 2020. The Group's investment portfolio constituted 25.19% of total assets, or ₦2,186.3 billion as at 31 December 2020 compared to 25.49% of total assets, or ₦1,820.9 billion, as at 31 December 2019 and 22.08% of assets, or ₦1,093.9 billion, as at 31 December 2018. The Group's investment portfolio is highly concentrated in Federal Government bonds (the "**FGN Bonds**") and state government bonds and treasury bills (together with the FGN Bonds and the state government bonds, the "**Government Bonds**"). As of 30 June 2021, ₦708.9 billion or 29.98% of the Group's investment portfolio consisted of investments in FGN Bonds and state government bonds, ₦1,505.5 billion or 61.84% consisted of investments in treasury bills. Further, in the event that the Group's deposits grow at a faster pace than its loan portfolio, it may need to increase its investments in Nigerian treasury bills and federal and state government bonds, which are subject to the risk of declining yields and/or default. In the event that the Nigerian Government defaults on its obligations, the value of the Federal Government Bonds decline or if there is some other interruption in the market for the Federal Government Bonds, there could be a significant adverse impact on the Group's financial position given its sizeable contribution to assets.

While the Group's loan portfolio covers various sectors, the oil and gas sector remains the largest concentration, which accounted for 24.77%, 29.90%, 26.97% and 26.64% of total loans as at 31 December 2018, 2019 and 2020 and 30 June 2021, respectively. Failure to diversify away from the oil and gas industry or further increases to such industry concentration could expose the Group to increased default risk and potentially deteriorating asset quality risk which have a material adverse effect on the Group's business, results of operations and financial condition. Additionally, the Group's significant exposure to the oil and gas sector increases the Group's exposure to downturns in the Nigerian economy. See "*—The Group's loan portfolio is concentrated to borrowers in the oil and gas sector and as such, the Bank's business is highly dependent on oil production in Nigeria, global prices of oil and developments in the Nigerian oil and gas sector".*

As at 30 June 2021, the Group's foreign currency (primarily U.S. dollars) exposures were 35.50% of its total loan portfolio as compared to 36.96%, 43.55% and 51.24% as at 31 December 2020, 31 December 2019 and 31 December 2018, respectively. While this trend in part reflects the limited number of high-quality corporate credits in Nigeria, the Group will require continued emphasis on credit quality and the continued development of credit management and credit control systems to monitor this credit exposure; failure to do so could have a material adverse effect on the Group's business, results of operations and financial condition. See "*—The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies*". In addition, if the Group fails to conduct periodic stress tests of its major credit risk concentrations in compliance with the CBN Prudential Guidelines (a set of prudential regulations for deposit money banks in Nigeria issued by the CBN in May 2010 to ensure a stable, safe and sound banking sector and the financial system as a whole), it may not be able to identify and respond to potential changes in market conditions in a timely manner, which could adversely affect the Group's business, results of operations and financial condition. The CBN has recently issued Monetary, Credit, Foreign Trade and Exchange Policy Guidelines for Fiscal Years 2020/2021, which state that the CBN Prudential Guidelines shall continue to apply through 2021. See *"Management's Discussion and Analysis of Results of Operations and Financial Condition—Funding and liquidity"* and *"Asset, Liability and Risk Management".*

As at 30 June 2021, 44.83% of the Group's total deposits were denominated in foreign currencies (primarily U.S. dollars) as compared to 40.00%, 46.78% and 55.00% as at 31 December 2020, 31 December 2019 and 31 December 2018, respectively. While the Group intends to reduce the concentration in its deposit base by attracting further deposits from retail depositors, there can be no assurance that such strategy will materialise and, in turn, any failure to reduce such concentration could expose the Group to increased liquidity risk and have a material adverse effect on the Group's business, results of operations and financial condition.

The Bank relies on short-term deposits as its primary source of funding and is further exposed to liquidity risks due to maturity mismatches, which may result in the Bank being unable to meet its liabilities as they fall due

As is common with other banks in Nigeria, the Group has historically relied almost exclusively on corporate and retail depositors to meet its funding needs as access to other funding sources, including the capital markets, has been limited. As at 30 June 2021, 31 December 2020, 31 December 2019 and 31 December 2018, the Group's total deposits accounted for 82.83%, 81.71%, 81.71% and 77.94%, respectively, of total funding (which is defined as deposits from banks, deposits from customers, borrowings, share capital, share premium and retained earnings), respectively. The Group is currently attempting to diversify its funding sources by the issuance of capital market instruments, including through the issuance of Notes under the Programme, although the ability of the Group to attract such funds could be affected by a number of factors, including Nigerian economic and political conditions, the state of the Nigerian markets and general international economic and capital markets conditions.

Most corporate deposits are susceptible to interest rate fluctuations. This poses a risk to deposit stability as corporate clients are inclined to move their funds depending on the interest rate offerings of banks. Based on the aforementioned, no assurance can be given that the Group will be able to maintain its existing level of deposits without increasing its cost of funding, particularly as the Nigerian banking sector becomes more competitive. If a substantial portion of the Group's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, the Group may need to seek more expensive sources of funding to meet its funding requirements. In addition, there are limited opportunities in the Nigerian market for banks to sell or factor assets other than those that are highly liquid, such as government securities. For example, due to the impact of COVID-19 the Group experienced an increase in withdrawals of deposits. As such, no assurance can be made that the Group will be able to obtain additional funding on commercially reasonable terms as and when required. There can be no assurance that decreases in corporate deposits and/or unexpected withdrawals of retail deposits will not result in liquidity gaps that the Group will need to cover.

A deterioration of the Nigerian economy, an inability to access alternative sources of funds in the international capital markets or the syndicated loan and interbank markets, significant withdrawals of corporate and retail deposits and/or continued mismatches between the Group's assets and liabilities may, together or individually, have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is participating in Federal Government-sponsored bailout programmes designed to support payment of Nigerian state government employees' salaries. If the Federal Government does not adequately support these programmes, the Group may be obliged to make certain advances and seek repayment from the Federal Government

Due to lower global oil prices and decreased oil production, many Nigerian states have been unable to pay their employees' salaries, as most states rely extensively on allocations received from oil revenues for their budget and operations. Since 2015, the majority of Nigerian states have required intervention by the Federal Government to pay state employee salaries. In order to provide financial relief to state governments and support the Nigerian economy, the Federal Government has implemented two facilities, the State Bail-Out Fund (the "**SBO**") and the conditional Budget Support Facility (the "**BSF**"), available to states who meet a 22-point reform agenda created under the Federal Government's Fiscal Sustainability Plan. In order to receive funds under these facilities, each state must, amongst other criteria, meet targets to enhance internally generated revenue, establish efficiency units to reduce overhead costs, work to privatise state-owned enterprises and comply with limits on securing further bank loans. In order to provide a loan to a state, each participating commercial bank is required to appraise a state's loan request based on prudential guidelines and the CBN's minimum conditions precedent to drawdown and each state is required to issue an irrevocable standing payment order to the commercial bank to ensure repayment of the loan as a first line charge before the state government is permitted access to their federal account allocation. The Group is also serving as a payroll agent for these states. The BSF was guaranteed by the Federal Government and the allocations were conditional upon the state meeting the terms of the sustainability plan. The BSF was guaranteed by the Federal Government, and the allocations were conditional upon the state meeting the terms of the sustainability plan. Though the Federal Government has currently met its payment obligations to the states under the federal allocation, these payments to the states have previously been delayed. As at 30 June 2021, the outstanding amount was ₦171 billion under the CBN's salary bailout facilities and excess crude account. Should the Federal Government be unable to raise sufficient revenue to pay each state's federal allocation or should the BSF become excessively depleted, the Group may be unable to collect the amount due to it from each state under the SBO and BSF facilities. In such circumstances, the Group could be required to make such payments to the states from its own reserves outside the SBO and BSF facilities, and then seek repayment from the Federal Government.

The Group operates in an uncertain regulatory environment and recent changes to and by the CBN may have a material adverse effect on the Group

The Group operates in an uncertain regulatory environment and recent changes to and by the CBN may have a material adverse effect on the Group. During the last five years, under the administration of the current governor of the CBN, the CBN has sought to reduce interest rate and deposit charges and strengthen Nigeria's foreign currency reserves through capital control measures. In 2019, the CBN introduced a minimum LDR target of 60.0% in July 2019, which it increased to 65.0% in September 2019. In addition, in 2020 the CBN increased the CRR from 22.5% to 27.5% and decreased the Monetary Policy Rate ("**MPR**") rate from 14.0% to 13.5%. The MPR was further decreased to 12.5% in May 2020, and subsequently reduced to 11.5% in September 2020 due to the impact of COVID-19 on the economy. See "*—The outbreak of communicable diseases around the world, in particular the COVID-19 pandemic, has led to higher volatility in the global capital markets, which may materially and adversely affect the Group's business, results of operations and financial condition*".

Revised Guide to Bank Charges

The CBN implemented the Guide to Charges by Banks and other Financial Institutions in Nigeria (the "**2017 Guide to Bank Charges**") in May 2017, thus providing a standard for the application of charges in the banking industry. The 2017 Guide to Bank Charges provided that Nigerian savings accounts must earn interest at a minimum rate of 30.0% of the MPR per annum. However, the CBN issued a Directive to all deposit-taking banks in September 2020 stating that interest on local currency savings deposits shall be negotiable subject to a minimum of 10% per annum of the MPR. At the current MPR of 11.5%, this translates to a minimum of 1.15% per annum. However, the minimum rate ceases to be applicable on any savings account from which more than four withdrawals have been made in a month. In Nigeria, many savings account holders exceed the monthly withdrawal limit and thus the Bank is not obligated to pay a minimum interest rate most months for a portion of its savings accounts. However, there can be no assurance that future changes to the maximum withdrawal limit will not lead to an increase in the Bank's monthly interest payments on savings accounts, thus reducing its net interest margin. For the years ended 31 December 2018, 2019 and 2020, the average interest rate paid by the Group on its average balance of customer deposits was 5.42%, 4.58% and 2.45%, respectively. In the six-month period ended 30 June 2021, the average interest rate paid by the Group on its average balance of customer deposits had fallen further to 2.10% primarily as a result of the reduction in the minimum rate described above. An increase in MPR will lead to increase in interest paid on customer deposits, and thus negatively impacting the Group's cost of funds. The Group's cost of funds reduced to 3.3% in December 2020 from 5.0% in December 2019, due to lower interest rate on term deposits and robust liquidity in the banking system. The Group's cost of funds may continue to reduce in the future if the CBN maintains a loose monetary policy stance.

Furthermore, on 19 December 2019, the CBN published a Revised Guide to Charges by Banks, Other Financial Institutions and Non-Banks, which took effect on 1 January 2020. The new guidance requires banks and non-bank financial institutions to reduce charges applicable to bank accounts, electronic transfers, and ATMs, hence the Group's account maintenance charges not growing at the same rate as the Group's customer deposits in recent periods.

Contributions to the Asset Management Corporation of Nigeria

The Group is required to contribute to a sinking fund to cover any net deficits incurred by the Asset Management Corporation of Nigeria ("**AMCON**"). On this basis, each Nigerian bank is currently required to contribute to the sinking fund an amount equal to 0.50% of its total assets as of 31 December each year, in respect of the immediately preceding financial year, and an additional charge of 0.50% of one-third of the amount of each banks off balance sheet liabilities. Any increase in such charge would have a negative impact on the Group's profitability.

Rising cash reserve requirements

In March 2016, the CBN's Monetary Policy Committee increased the CRR by 250 basis points to 22.5% of local currency deposits as the balance of risks tilted against price stability. This action was taken in response to a sharp increase in headline inflation, substantially breaching the policy reference band of 6% to 9% in February 2016. It remained unchanged however until 24 January 2020, when the Monetary Policy Committee voted to increase the CRR by 500 basis points to 27.5% In November 2020, the Monetary Policy Committee of the CBN voted to retain CRR at 27.5 per cent and has retained this CRR at subsequent Monetary Policy Committee meetings. In the long term, the Group expects the change in the CRR to result in a higher interest rate environment.

Due to concerns of excess liquidity in the Nigerian financial system, on occasion the CBN holds reserves of Nigerian banks (including the Bank) even when such reserves exceed the regulatory required minimum threshold of 27.5%. It is reported that for some banks, the reserves held by the CBN are as high as 100.0% of local currency deposits. As at 30 June 2021, the Group CRR was ₦1.3 trillion. In 2020, the CBN has sought to reduce interest rate and deposit charges and strengthen Nigeria's foreign currency reserves through capital control measures. See "*—The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies*".

These factors, and any future regulatory changes introduced by the CBN (including any changes implemented by the CBN governor or the governor's successor) create an uncertain regulatory environment, which could materially and adversely affect the Nigerian banking industry as a whole and have a material adverse effect on the Group's business, results of operations and financial condition.

Capital adequacy requirements in Nigeria differ from international standards and the Group may face difficulties meeting capital adequacy requirements

The Group's capital adequacy ratio was 21.26% as at 30 June 2021, 20.61% as at 31 December 2020, and 20.02% as at 31 December 2019 and 20.78% as at 31 December 2018. The capital adequacy requirements in Nigeria differ from those in more developed regulatory jurisdictions and the requirements are not as stringent as the guidelines from the Group for International Settlements. Moreover, the CBN is focused on paid-in capital levels, rather than setting more stringent minimum levels of capital to risk-weighted assets than the current 10.0% stipulation for national banks and 15.0% stipulation for "domestically systemically important banks" (including the Group) and Nigerian banks licensed to engage in international operations. The Basel Committee on Banking Supervision (the "**Basel Committee**") recommends a minimum risk-based capital adequacy ratio of 8.0%, calculated in accordance with the International Regulatory Framework for Banks ("**Basel III**"). See also "*The Nigerian Banking Sector—Other policy and regulatory considerations*" for information on the implementation in Nigeria of the capital adequacy framework by the Basel Committee, which may differ in material respects from the capital requirements as adopted by the Basel Committee. Under the CBN Scope, Conditions & Minimum Standards for Commercial Banks Regulations, key regulations were passed such as the separation of non-core business lines from deposit-money commercial banking and maintenance of a minimum paid-in share capital of ₦25.0 billion for institutions granted a national banking licence and ₦50.0 billion for institutions granted an international banking licence. In April 2020, the CBN issued Monetary, Credit, Foreign Trade and Exchange Policy Guidelines for Fiscal Years 2020/2021, which will continue to apply through 2021 unless the CBN indicates otherwise.

There can be no assurance that the CBN will not further amend or raise the capital requirements applicable to the Group and if the Group requires additional capital in the future, there can be no assurance that it will be able to obtain this capital on favourable terms, in a timely manner or at all. Accordingly, it may face difficulties in meeting these requirements in the future. As of 30 June 2021, the Group's total capital to risk-weighted assets ratio was 20.00% (calculated on the basis of IFRS), the CBN minimum requirement being 15% for banks in Nigeria with international activities. If the Group fails to meet the capital adequacy requirements, the CBN may take certain actions, including restricting its asset growth, suspending all but its low risk activities and imposing restrictions on the payment of dividends. Failure of the Group to comply with capital adequacy or other ratios may also result in the revocation of the Group's licence and breach of loan covenants. These actions could materially and adversely affect the Group's business, results of operations, financial condition, and ability to grow its loans to customers and other risk assets and/or prospects.

In addition, the CBN has, in the past, prohibited Nigerian banks from using their capital to recapitalise foreign subsidiaries, meaning that the Group risks having to raise external capital to recapitalise its foreign subsidiaries, should the need arise. Conversely, if the CBN lowers minimum requirements, temporarily or permanently, in response to industry-wide concerns, while the Group's risk of not meeting the requirements would fall, there could be other risks for the Group and the Nigerian banking sector as a whole. This could include the perception of weakness in the international markets and reluctance to lend or place deposits with the banks as well as a decline in the price of the Notes. Failure of the Group to comply with capital adequacy or other ratios may also result in the revocation of the Group's licence and breach of loan covenants. These actions could materially adversely affect the Group's business, results of operations and financial condition.

The Group may be sanctioned for non-compliance with regulations applicable to banks in Nigeria

The Group is subject to the risk of being sanctioned by the CBN for non-compliance with applicable regulations, including, for example, as a result of non-compliance with the ratios described in "—*Capital adequacy requirements in Nigeria differ from international standards and the Group may face difficulties meeting capital adequacy requirements*". The Group is subject to many regulations which are not clearly defined and may inadvertently contravene an extant provision. The powers of the CBN under the laws and regulations are extensive and include the power to take over the management of banks. The Group paid penalties in 2020 as a result of non-compliance with certain regulations, such as the CBN's foreign exchange regulations and guidelines on diaspora remittances, and also in relation to a shareholder dividend complaint, which amounted to ₦464.23 million in 2020 and ₦190.15 million in the six month ended 30 June 2021.

There can be no assurance that the Group will not at some point be subject to investigation and disciplinary action by the CBN or other regulatory entity, including in relation to any of the above, and such actions could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group faces increased levels of competition in the Nigerian banking industry

The Nigerian market for banking and financial services is highly competitive and the Group faces competition from different banks in each of the segments and regions where it operates. The Group principally competes with a number of other nationwide banks, some of which have a broader geographic reach and greater capital resources than the Group. As at the date of this Base Prospectus, there are a total of 33 commercial deposit-taking banks registered in Nigeria. The Group's most significant competitors include First Bank of Nigeria Limited ("**FBN**"), the United Bank for Africa Group ("**UBA**"), Zenith Bank Plc and Guaranty Trust Bank Limited ("**GT Bank**"). AMCON's divestment from the last of its three wholly-owned temporary banks established pursuant to the provisions of the Nigeria Deposit Insurance Corporation Act (or "**Bridge Banks**"), which it expects to complete soon, may also lead to further consolidation which would further increase competition amongst these banks and in the retail banking business. Additionally, international banks, including Ecobank Nigeria Limited (a subsidiary of Ecobank Transnational Incorporated), Standard Chartered Bank Nigeria Limited (a wholly-owned subsidiary of Standard Chartered Bank U.K.), Stanbic IBTC Bank Plc (a subsidiary of The Standard Bank of South Africa) and Citibank Nigeria Limited (a subsidiary of Citigroup) are increasing their presence in Nigeria and competing with the Group for its high net worth and corporate clients.

In the aftermath of the global economic and financial crisis of 2007 to 2008, AMCON and the CBN led efforts to consolidate the Nigerian banking sector, which reduced the number of existing banks. The concentration of capital and overall market share amongst the banks now remaining in Nigeria is higher and is increasing. Management believes that in order to meet the competition driven by a more concentrated Nigerian banking industry, it will be critical for the Group to achieve economies of scale, grow the value chain space and be able to effectively offer the greater reach and financial capacity of the largest banks.

Some of the Group's competitors in Nigeria, in particular with respect to corporate lending activities, are international banks which have the support of foreign parents and have greater capital resources available to them. The Group expects the Nigerian corporate and commercial banking market to become even more competitive, which is likely to result in a further narrowing of spreads between deposit and loan rates and have an adverse impact on the Group's profitability. Additionally, the CBN has restricted exposure to certain investments by Nigerian banks, such as equity investments, to 20.0% of paid-up capital and statutory reserves, and loans to any single borrower are limited to 20.0% of shareholders' funds, thus making it potentially difficult for the Group to make future loans or investments in Nigeria compared to banks with larger capital bases. In addition, commercial banks like the Group are now restricted to only those equity investments permitted under the BOFIA and the CBN Regulations. The Group's inability to continue to compete successfully in the competitive markets in which it operates would have a material adverse effect on its business, financial condition, results of operations and/or prospects.

Moreover, the competitive landscape of Nigeria has changed in recent years as a result of the entry of several new players. Pension funds have become an increasingly important source of debt financing to businesses. Pension funds control an aggregate total of nearly ₦12.31 trillion as of December 2020 in liquid assets and enjoy income tax exemptions that bank lending does not enjoy, and therefore compete with banks for business borrowers. Further, in October 2018, the CBN began licensing companies such as pension funds, oil traders, microfinance banks, micro-lenders and telecommunications companies, to facilitate high-volume low-value transactions in remittance services, micro-savings and withdrawal services. The services that these companies will be able to provide will be linked to their shareholder capitalisation, with agent services, payment processing services, and POS terminal services having lower individual capitalisation requirements and switching and merchant acquisition and settlement services having higher requirements. Separately, several venture-backed mobile payments start-ups have entered the market, as signalled by the approval by the CBN in September 2019 of payment service bank licences for three new participants: Hope PSB, a subsidiary of Unified Payment Services Limited; Globacom's Money Master; and 9Mobile's 9PSB. Since then, the Nigerian market has also seen the introduction of new participants including Flutterwave, Paystack, PiggyVest and Interswitch. Finally, regulatory acceptance of digital currencies, or "cryptocurrencies", could affect the competitive landscape in Nigeria, potentially shifting consumers away from traditional banking channels. The CBN banned banks from facilitating cryptocurrency-related transactions in 2017, and in February 2021, the CBN ordered banks to identify persons and/or entities conducting transactions in cryptocurrencies or running cryptocurrency exchanges and to ensure that such accounts are closed immediately. Despite the CBN ban, the U.S. dollar value of cryptocurrencies received by Nigerian users has grown in 2020 and 2021 and estimates suggest that of the top 10 countries for cryptocurrency trading volumes in 2020, Nigeria ranked third after the United States and Russia, amounting to more than U.S.$400 million of transactions.

In November 2013, the CBN issued a draft paper designating the Bank, together with FBN, GT Bank, Zenith Bank Plc, UBA, Skye Bank, Ecobank Nigeria and Diamond Bank Plc, as SIBs in Nigeria, owing to the fact that their failure could pose a systemic risk to the Nigerian banking industry and the larger economy. For more information on SIBs, see "*—The Group operates in an uncertain regulatory environment and recent changes to and by the CBN may have a material adverse effect on the Group*".

Against this backdrop, the Group's growth depends on its ability to gain market share, extend its distribution network, manage its cost base, access low-cost deposits and grow quality risk assets, in order to allow it to maintain strong levels of profitability and returns despite being required to hold higher levels of capital by the CBN. If the Group is not able to generate the profitability, economies of scale and financial capacity to enable it to compete with the other large Nigerian banks, the Group's business, results of operations and financial condition may be materially and adversely affected.

The Group is subject to risks relating to its information technology systems, the planned roll out of new information technology and its ability to remain competitive depends on its ability to upgrade such systems

The Group depends on its information technology systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of the Group's business and operating data. In addition, the Group is in the process of implementing part of its digital strategy to digitize customer journeys, staff experience and its subsidiaries. The proper functioning of the Group's financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems (such as its electronic fraud monitoring and surveillance systems and customer insurance programmes), as well as the communication networks between its branches and main data processing centres, are critical to the Group's business and ability to compete effectively.

As a result, the Group is heavily reliant on its technology platforms and the future roll out of some of these platforms. These technologies are, however, characterised by constant change and innovation, and the Group expects them to continue to evolve rapidly. The Group's ability to improve its business, results of operations and financial condition will depend in large part on its ability to continue to improve and enhance the functionality, performance, reliability, design, security and scalability of its technology platform. However, the Group may experience difficulties with software development that could delay or prevent the development, introduction or implementation of new solutions and enhancements to its technology platforms. Software development involves significant amounts of time and it can take months to test new and upgraded solutions and integrate them into the Group's systems. The Group must also continually update, test and enhance its software and make sure that its technology platform operates effectively across multiple devices, operating systems and internet browsers and subsidiaries as the Group expands. The continual improvement and enhancement of the Group's technology platform requires significant investment. For example, the Group's IT and e-business expense increased from ₦9,772 million for the year ended 31 December 2019 to ₦18,739 million for the year ended 31 December 2020. The Group is currently upgrading its core bank platform (FCUBS 12) in all its subsidiaries and this project is expected to be completed by 2022. In 2021, the IT capital budget is $35.6 million and the recurrent expenditure is expected to be $341 million in 2022. To the extent the Group is not able to improve and enhance the functionality, performance, reliability, design, security and scalability of its technology platform, the Group's business, results of operations and financial condition will be adversely affected.

Unlike banks in many other countries, the Group is unable to rely on state or utility providers of power and telecommunication services for the quality and quantity of services it requires for its operations, and has to make its own arrangements to secure these services. The primary and secondary data centres for the Group are located in Lagos and on Lagos Island. The disaster recovery centre is located on the mainland in Lagos. Any natural disaster, power outage or other event affecting the Lagos region may cause disruptions or damages to the data and/or disaster recovery centres, which may adversely affect the Group's operations.

The Group's business activities would be materially disrupted if there were to be a partial or complete failure of any of the Group's material information technology systems or communications networks. Such failures can be caused by a variety of factors, including natural disasters, extended power outages and computer viruses. In addition, limited national fibre optic coverage makes reliance on technology used to transmit narrowband data, such as the Very Small Aperture Terminal ("**VSAT**") mandatory in certain remote areas, which may also be affected by occurrences of similar events. The proper functioning of the Group's information technology systems also depends on accurate and reliable data and other system inputs, which are subject to human errors. Any failure or delay in recording or processing the Group's transaction data could subject it to claims for losses and regulatory fines and penalties.

Information security risks for large financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology and the increased sophistication and activities of organised criminals and hackers. In addition, to access the Group's products and services, customers may use personal smartphones, personal computers and other computing devices, personal tablet computers and other mobile devices that are beyond the Group's control systems. Although the Group takes protective measures and endeavours to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorised access, misuse, denial-of-service attacks, phishing attacks (including Short Message Service ("**SMS**")) and other security problems. No assurance can be given that the Group's existing security measures will prevent security breaches, including break-ins and viruses, or other disruptions such as those caused by defects in hardware or software, network vandalism, cable theft and errors or misconduct of operators. Persons who circumvent the Group's security measures could use the Group's, its employees or its customers' confidential information wrongfully or otherwise materially disrupt the Group's or its customers' or third parties' network access or business operations. An information security failure could have serious consequences for the Group, including operational disruption, financial losses, a loss of customer or business opportunities, litigation, regulatory penalties or intervention, reputational damage, theft of intellectual property and customer data, and could result in violations of applicable privacy laws, all of which could have a material impact.

The Group and its customers have been and continue to be subject to a range of cyber-attacks, such as denial of service, malware and phishing and the Group has experienced an increase in the use of fraudulent SMS accounts. Cyber-attacks could give rise to the disablement of the Group's information technology systems used to service the Group's customers. As attempted attacks continue to evolve in scope and sophistication, the Group may incur significant costs in its attempt to modify or enhance its protective measures against such attacks, or to investigate or remediate any vulnerability or resulting breach, or in communicating cyber-attacks to its customers. The Group's failure to effectively manage its cybersecurity risk could harm its reputation and adversely affect its business, results of operation and financial condition through the payment of customer compensation, regulatory penalties and fines and/or through the loss of assets. No assurance can be given that the Group (or its third-party suppliers) will be able to anticipate or to implement effective measures to prevent or minimise damage that may be caused by all information security threats, because the techniques used can be highly sophisticated, can evolve rapidly and those that would perpetrate attacks can be well resourced.

In response to the increased cyber security threat to businesses globally, the Group has in place a Cyber Security Framework and adopted an in-depth layered approach to cover Cyber security practices, information security processes and infrastructure. The Bank seeks to ensure that it is strong enough to withstand any exogenous shocks by putting in place a 24 hours a day, seven days a week (including weekends and public holidays) monitoring and external intelligence for the Bank's information and technology assets, through the Group's security operations centre but there can be no assurances they will be successful.

Information security threats may also occur as a result of the Group's size and role in the financial services industry, its plans to continue to implement internet banking and mobile banking channel strategies and to develop additional remote connectivity solutions. As financial technology continues to develop, the Group may be exposed to new risks to its business and the security of its data, including risks it may not be able to anticipate, as well as increased operating costs from ensuring that any new products and services it provides are implemented correctly and operated safely and securely.

The Group's ability to remain competitive will, to a certain extent, depend on its ability to upgrade its information technology systems on a timely and cost-effective basis. Whilst the Group has not experienced any material disruptions or security breaches in the past, any material security breach or other disruptions could expose the Group to risk of loss and regulatory actions and harm its reputation. In addition, the information available to and received by the Group through its existing information technology systems may not be timely or sufficient for the Group to manage risks and plan for, and respond to, market changes and other developments in the current operating environment. Any substantial failure to improve or upgrade the Group's information technology systems effectively or on a timely basis or failure to implement more efficient process automation, could materially and adversely affect the Group's business, results of operations and financial condition.

The Group's inability to recruit, train and retain qualified personnel could have an adverse effect on its business

The Group's success will depend, in part, on its ability to continue to recruit and retain qualified and experienced banking and management personnel. The Group is likely to face challenges in recruiting qualified personnel to run its business, as a result of the shortage of qualified candidates with experience in the banking industry. Additionally, if the Group continues to grow at its current pace, it will continually need to increase the number of employees. Competition in the Nigerian and the Sub-Saharan African banking industry for personnel is considerable. In order to recruit qualified and experienced employees and to minimise the likelihood of their departure to other banks, the Group attempts to provide an attractive package of salary, awards and other incentives to employees. The Group also provides training to its employees through a variety of in-house and external training programmes.

The CBN Prudential Guidelines prescribe a maximum of 10 years for chief executive officers of banks and prohibit CEOs from qualifying for appointment in their former bank or subsidiaries of such bank in any capacity until after three years following the expiration of their tenure as CEO. The Group is in compliance with this directive, with its current CEO, Dr. Herbert Wigwe, having served for approximately eight years as at the date of this Base Prospectus. In line with the Group's governance policy, it has a succession plan in place.

Whilst Management believes that it has effective staff recruitment, training and incentive programmes in place, there can be no assurance that these will be sufficient to allow the Group to recruit, train and retain an adequate number of qualified personnel to run its business and to execute its strategy. The Group's failure to recruit, train and/or retain necessary personnel, or effectively implement its succession planning, could have a material adverse effect on its business, results of operations and financial condition. Therefore, maintaining employee morale, training, and retaining and incentivising employees is key to the Group's growth strategy.

The Group is exposed to liquidity risks due to maturity mismatches

The Group is exposed to liquidity risk due to maturity mismatches between its assets and liabilities. The Group has historically funded its risk assets with deposits and shareholders' funds. Deposits from banks and customers represented 77.0% of total liabilities as at 30 June 2021 (75.4% as at 31 December 2020). As at 31 December 2020, 75.4% of the Group's financial liabilities (comprising deposits from banks and customers, derivative financial instruments, and interest-bearing loans and borrowings) were due within three months. As at 31 December 2020, 26.05% of the Group's financial assets (comprising cash and cash equivalents, non-pledged trading assets, pledged assets, derivative financial instruments, loans and advances to banks and customers, insurance receivables and investment securities) had maturities of less than three months. See Note 5.2.1 of the December 2020 Financial Statements for more details. The Group could face difficulties in meeting its liabilities as they fall due if it does not have sufficient liquid assets to meet these maturities or withdrawals, or if it fails to attract additional medium- to long-term financing or if the Group were to suffer a sudden increase in withdrawal of deposits, which currently form a significant portion of the Group's funding.

While the Group has instituted various asset, liability and risk management policies (see "*Asset, Liability and Risk Management*") any deterioration of the Nigerian economy, an inability by the Group to access alternative sources of funds in the international capital markets or the syndicated loan and interbank markets, significant withdrawals of corporate and retail deposits and/or continued mismatches between the Group's assets and liabilities may, together or separately, have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may not be able to sustain the current level of growth in its loan book, and may have difficulty in maintaining credit quality, which could impact its profitability

The Group's gross loans and advances to customers was ₦3,705,283 billion as at 30 June 2021, ₦3,367.2 billion as at 31 December 2020, ₦3,103.0 billion as at 31 December 2019 and ₦2,081.8 billion as at 31 December 2018. The public sector and large corporate customers in key sectors (in particular, oil and gas, power, manufacturing, agriculture and telecommunications) continue to constitute the Group's core customer base. There can be no assurance that the Group will be able to sustain its current levels of growth in the future. In April 2020, citing constricted Government revenue due to low global oil prices, exacerbated by the COVID-19 pandemic and decreased oil production due to OPEC and certain other oil exporting countries ("**OPEC+**") output cut, the Federal Government stated that it would remove all subsidies on petrol in Nigeria. As there are few oil refineries in Nigeria, the Nigerian Government has historically imported refined oil products to meet domestic demand, which required payment to these refineries in U.S. dollars. With the de-facto pegged Naira, the Federal Government experienced challenges sourcing sufficient U.S. dollars at the official exchange rate to meet demand. The Group, along with other banks in Nigeria, is susceptible to political and economic events in Nigeria, including removal of petroleum subsidies, and these events could have a material adverse effect on the Group's business, results of operations and financial condition. See also "*—Risks relating to the Nigerian banking sector—The banking sector is affected by changes in the Nigerian economy*" and "*—Risks related to Nigeria and other regions in which the Group operates—Certain proposed legal and regulatory reforms in Nigeria may not be successfully implemented*". Also, as a result of the CBN Monetary Policy Committee ("**MPC**") raising the CRR on deposits from 22.5% to 27.5% in January 2020, the Group saw limited growth in its gross loan portfolio as of December 2020 as it tried to manage its liquidity position in the face of a sharp increase in cost of funds caused by the increase in CRR. See "*Nigeria—The Nigerian Economy—Interest Rates*".

An increase in the overall level of lending could increase the credit risk of the Group. In particular, retail and small commercial banking customers typically have less financial strength than large companies; negative developments in the Nigerian economy could affect these borrowers more significantly than large companies. This could result in higher levels of classified loans (that is, loans classified by the Group as substandard, doubtful or lost) for which an impairment is or needs to be made, also known as NPLs, and as a result, higher levels of provisioning. See "*—The Group's investment and loan portfolios and deposit base are highly concentrated*" and "*—The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies*".

According to data from the CBN, the Nigerian banking industry's NPLs, as a proportion of total loans, declined to 6.01% as at 31 December 2020, 6.03% from 31 December 2019 and 11.6% as at 31 December 2018. The Group's NPLs as at 30 June 2021 stood at ₦178.6 billion, representing 4.34% of total gross loans and advances compared to ₦161.2 billion, representing 4.29% of total gross loans and advances as at 31

December 2020, ₦188.5 billion, representing 5.8% of total gross loans and advances as at 31 December 2019, and ₦55.4 billion, representing 2.5% of total gross loans and advances as at 31 December 2018. Although the Group continues to actively manage and monitor its loan portfolio, there can be no assurance that, in the future, the Group will be able to maintain the NPL ratio recorded at 30 June 2021. The Group's NPLs increased from 2018 to 2019 primarily as a result of the merger with Diamond Bank Merger, as Diamond Bank at the time of the merger held a higher amount of NPLs than the Group. While the Group continues to pursue its recovery processes to reduce its NPLs to pre-merger levels, there can be no assurance that future mergers or acquisitions will not have a similar impact on the Group's NPLs. Factors which may contribute to an increase in the amount of the Group's NPLs include an increased loan portfolio and the reduced ability of existing customers to pay their foreign exchange denominated debt, or generally any slowdown in the Nigerian economy, decreases in oil prices and any further impacts of the Naira free float. Government policies and economic changes which adversely affect sectors to which the Bank has significant exposure may contribute to the amount of the Group's NPLs. For example, in May 2020, the CBN, with the support of the Federal Government, implemented the Forbearance Programme, requiring all Nigerian banks to allow a moratorium on the payment of principal and to temporarily reduce interest rates (for a maximum of 12 months) on loans to customers in certain sectors of the economy significantly impacted by the COVID-19 pandemic, including but not limited to customers in the manufacturing, oil and gas, agriculture, real estate/construction and tourism sectors. This and other various government policies in relation to the COVID-19 pandemic have reduced the current recording of NPLs by commercial banks in Nigeria, but should these policies change or not be renewed then the Group may experience a consequential rise in NPLs.

Any significant increase in credit exposure will require continued emphasis by the Group on credit quality, the adequacy of its provisioning levels and the continued development of financial and management control. Due to the size of each loan to corporate customers, a single default by a corporate borrower could significantly impact the Group's loan losses. Failure to successfully manage growth and development and to maintain the quality of its assets could have a material adverse effect on the Group's business, results of operations and financial condition.

If the Group fails to receive or maintain licences required to conduct its operations, or if any existing licences are revoked, its operations may be adversely affected

Banking and other operations performed by Nigerian banks, such as dealer and depositary activities in Nigeria, require licences from the CBN. The CBN has granted the Group its commercial banking licence with international authorisation. The Group has obtained all other licences in connection with its banking operations, including banking operations involving foreign currencies and its operations as an authorised dealer and primary dealer in Federal Instruments. However, there is no assurance that members of the Group will be able to obtain required licences or maintain existing licences in the future. In the event that the Group loses a CBN licence or is required to apply for a new licence, the process could be burdensome and time-consuming.

Pursuant to the Regulation on Banking Activities and Ancillary Matters No. 3 of 2010 issued by the CBN (the "**CBN Regulations**"), which repealed the Universal Banking Guidelines, every Nigerian bank that held a universal banking licence was required to apply to the CBN to have its universal banking licence exchanged for an appropriate licence to conduct banking business as one of the permitted types of banks in Nigeria (commercial, merchant or specialised). The Group currently holds an international commercial banking licence. The CBN may, at its discretion, impose additional requirements or deny any request by the Group for licences. Similar actions by the CBN could limit the Group's operations or materially adversely affect its business, results of operations and financial condition. In particular, the loss of its commercial banking licence, a breach of the terms of a general banking licence by the Group or a failure to obtain such a licence in the future could result in the Group being unable to continue some or all of its banking activities, being unable to expand its business internationally and being subject to penalties and fines by the CBN. Any such failure could, in turn, have a material adverse effect on the Group's business, results of operations and financial condition.

A decline in the value or the illiquidity of the collateral securing the Group's loans, and difficulty in obtaining and enforcing adequate security as collateral for the Group's loans may adversely affect its loan portfolio

As at 30 June 2021, the value of collateral securing the Group’s loan portfolio was 198.85% of the Group's outstanding loan portfolio. These collateralized loans as at 30 June 2021 totalled ₦3,705.28 billion while the value of the collateral totalled ₦7,935.9 billion on collateral such as property, cash, equipment and securities. While there are limitations on securing effective collateral over certain assets, including land, a substantial portion of the Group's loans to corporate customers and individuals is secured by collateral such as real property, land leasing rights, production equipment, vehicles and securities. Downturns in the relevant markets, a lack of an existing market for the collateral within Nigeria or a general deterioration of economic conditions may result in declines in the value of collateral, securing a number of loans to levels below the amounts of the outstanding principal and accrued interest on those loans. If collateral values decline, they may not be sufficient to cover irrevocable amounts on the Group's secured loans (including any NPLs) which may require the Group to reclassify the relevant loans, establish additional loan loss expenses and increase reserve requirements. A failure to recover the expected value of collateral may expose the Group to losses, which may materially adversely affect the Group's financial condition and/or results of operations.

If the Group enforces the security, for various reasons the realisable value from the security may be less than the outstanding loan. Some secured loans, particularly in the Retail Banking unit, have lower recovery rates on the collateral following a default in the loan, due to the types of collateral involved – generally consumer products, such as appliances and cars, which are difficult to recover. Certain types of security are also difficult to perfect such as mortgages, due to government bureaucracy, perfection costs and incomplete documentation.

Under relevant Nigerian land laws, the Group is required to obtain the consent of the Governor of the relevant state in which real property collateral is situated or the consent of the minister in charge of lands in respect of lands designated as federal lands in order to perfect its security in the property. The process of perfecting title to land is bureaucratic and may prolong the Group's ability to realise security for loans advanced. In addition, the Nigerian judicial system is still developing and faces a number of challenges, which often result in delays in the judicial process. Accordingly, there is a possibility that the Group's loan portfolio may be affected by challenges in realising security for loans due to inefficiencies in the judicial system.

Failure to obtain security with sufficient value, to adequately perfect security interests or to recover collateral held for loans could have a material adverse effect on the Group's business, results of operations and/or financial condition.

The Group's risk management and internal control policies and procedures may leave it exposed to unidentified or unanticipated risks

The Group has devoted resources to developing its risk management policies and procedures, particularly in connection with credit, market, liquidity, interest rate and operational risks, and the Bank expects to continue to do so in the future in accordance with its Enterprise Risk Management Framework ("**ERM Framework**"). Nonetheless, the Group's risk management techniques and internal control policies and procedures may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. The Group is also subject to political, economic and other risks associated with Nigeria and the other countries in which it operates, which cannot be effectively managed. In addition, the Group is vulnerable to various kinds of other risks which range from, but are not limited to, money transfers fraud, electronic fraud, identity theft, internet and digital fraud. As the risks posed by these factors constantly change, so do the approach and techniques used in managing such risks. The risks focused on in the past include risk identification, assessment, mitigation, monitoring and reporting, conventional risk management framework on credit management, operational risk management and market risk. However, emerging trends in fraud indicate that failures in management of information assets and exposures in these areas give rise to more emphasis being placed on information security risk management. Other risk management methods depend upon evaluation of information regarding the markets which the Group operates in, its clients or other matters that are publicly available or otherwise accessible by the Group. This information may not be accurate, complete, up-to-date or properly evaluated in all instances. The magnitude of the potential impact of the foregoing risks may be compounded as the Group grows its business in the future. Any failure in the Group's risk management may have a material adverse effect on its business, results of operations and/or financial condition.

In the past, the Group has suffered from certain credit-quality problems, lapses in credit approval and control processes, internal control deficiencies and operational problems as a result of weaknesses in the Group's risk management and internal controls. There can be no assurance that the Group's risk management and internal control policies and procedures will adequately control, or protect the Group against, all credit and other risks to which it is subject. Certain risks are unidentified or unforeseeable, and could be greater than the Group's empirical data would otherwise indicate. In addition, the Group cannot guarantee that all of its staff will adhere to its risk management and internal control policies and procedures. Moreover, the Group's growth and expansion may affect its ability to implement and maintain stringent internal controls. The Group's risk management and internal control capabilities are also limited by the information, tools and technologies available to the Group. Although Management believes that the Group's financial systems are sufficient to ensure compliance with the requirements of applicable laws, any material deficiency in its risk management or other internal control policies or procedures may expose the Group to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's net interest margin may be under pressure due to government monetary policies and the Nigerian banking sector environment

The banking industry in Nigeria has become increasingly competitive, which has resulted in increasing pressure on the loan rate chargeable by the Group, particularly in the corporate segment as the Group competes for business. The Group's net interest margin (defined as net interest income divided by average interest earning assets) was 5.93% for the six-month period ended 30 June 2021, 4.36% for the year ended 31 December 2020, 5.32% for the year ended 31 December 2019 and 5.05% for the year ended 31 December 2018.

Additionally, the Nigerian Government has put in place several policies that have caused a decrease in interest income of Nigerian banks. The CBN's MPR serves as an indicative rate for transactions in the interbank money market, as well as other market rates. Increases in the MPR cause increases in the cost of borrowing and therefore may have a negative impact on the net interest margin. The CBN held the MPR constant at 14.0% throughout 2017 and 2018, but in March 2019 decreased it to 13.5% In a departure from past policy, during the fourth quarter of 2019 the CBN began unwinding its balance sheet by opting not to roll over maturing open market operation ("**OMO**") bills. The CBN also passed a regulation excluding individuals and domestic corporate investors from the primary and secondary OMO markets in order to drive domestic interest rates lower, whilst maintaining higher OMO rates to attract foreign inflows. This resulted in excess liquidity in the Nigerian economy and a significant decline in interest rates. The decrease in interest rates in the fourth quarter of 2019 coupled with inflation levels of about 11.9% in December 2019 have exerted increasing pressure on the Bank's net interest margins. The CBN decreased the MPR to 12.5% in May 2020 due to the impact of COVID-19 on the Nigerian economy, and then further reduced it to 11.5% in September 2020, where it remained as of the date of this Base Prospectus. The result of the lower interest rate environment is that while the Bank's cost of funds remained stable, the interest income it has earned on assets has declined, due to repricing risk, thereby putting pressure on net interest margins. As a result, the Group's investment in Government treasury bills has followed a similar pattern. As at 31 December 2018, the Group held ₦195,218 million of treasury bills which increased up to ₦748,230 million as at 31 December 2020 and has decreased down to ₦288,063 million as at 30 June 2021. The low interest rate environment has continued to heighten repricing risk on portfolio investment vis-à-vis net interest margins. While the rates have recovered so far in 2021, there is still a risk that they will reduce in the future and stay low, which will significantly impact the Bank's profit margins, and in turn have a material adverse impact on the Group and the Nigerian banking industry as a whole.

In addition, as a result of the recent banking sector reforms, as set out in more detail in "*—Risks relating to the Nigerian banking sector—Risks related to Nigeria and other regions in which the Group operates—Lack of confidence in the Nigerian banking system resulting from the global financial crisis may affect the Group's performance*" below, largely through the AMCON's purchase of NPLs in the Nigerian banking sectors and subsequent recapitalisation of certain Nigerian banks (amongst which the Group was not included), as well as increased levels of capital and availability of funding (such as the ability to access the international capital markets), the banking industry in Nigeria has become increasingly competitive, which has resulted in increasing pressure on the Group's yields earned in the corporate segment as the Group competed for business. For example, the Group's net interest margin decreased by 96 basis points year on year to 4.36% as at 31 December 2020 due to the lower interest rate environment, which was in part fuelled by higher effective CRR by the CBN. In the future, these factors could materially and adversely affect the Nigerian banking industry as a whole and have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is subject to interest rate risk

The Group is exposed to interest rate risk through the interest-bearing assets and liabilities in its trading and banking books. Fluctuations in interest rates could adversely affect the Group's operations and financial condition in a number of different ways. An increase in interest rates generally may decrease the value of the Group's fixed rate loans and raise the Group's funding costs. Such an increase could also generally decrease the value of fixed rate debt securities in the Group's investment portfolio (primarily comprised of Government Bonds). In addition, an increase in interest rates may reduce overall demand for new loans and increase the risk of customer default, while general volatility in interest rates may result in a gap between the Group's interest rate sensitive assets and liabilities, particularly given the Group's reliance on short-term liabilities to fund longer-term assets. This risk could be heightened in the event of sudden large fluctuations or changes in interest rates in response to economic or other conditions, such as the 200 basis points decrease in the MPR in July 2020 from 13.5% in March 2020 and a further decrease to 11.5% in September 2020. Interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks, such as the CBN, domestic and international economic conditions and political factors. There can be no assurance that the Group will be able to protect itself from the adverse effects of future interest rate fluctuations. Any fluctuations in market interest rates, and the Group's inability to monitor such fluctuations so as to respond in a timely and cost-effective manner, could lead to a reduction in net interest income and adversely affect the Group's business, results of operations and financial condition.

The Group's objective for management of interest rate risk is to ensure a higher degree of interest rate margin stability and lower interest rate risk over an interest rate cycle. The Group tries to achieve this by hedging material exposures with the external market. However, the Group's operations remain subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. These risks impact both the earnings and the economic value of the Group which, if material, could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may not have adequate insurance to cover losses suffered as a result of deficiencies in its internal control policies and procedures

There is a risk that the Group will not be able to ensure that its internal control policies and procedures will protect it from fraud or other criminal acts committed by its employees. The Group maintains a system of controls designed to keep operational risk at appropriate levels. These operational risks include loss arising from employee errors, cash shortages, write-offs, income reversals, system failures, attempted fraud and forgeries security incident, fire, attempted robbery/theft, power issues, IT issues/system downtime, information security, flood, medical emergency, other emergencies, and other events that may disrupt the Group's day-to-day business and operations. However, there can be no assurance that the Group will not suffer losses from any failure of these controls to detect or contain operational risk in the future and the inadequacy or a failure of the Group's internal processes or systems may result in unauthorised transactions and errors which may not be detected. The Group also manages its operational risk by obtaining insurance from external providers. Nevertheless, there can be no assurance that the Group's insurance will be sufficient to cover the Group's losses from all such transactions or errors which, in turn, may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's reputation and its ability to do business may be impaired by corrupt behaviour by any of its employees or agents or those of its subsidiaries

The Group operates in countries and sectors known to experience corruption. While the Group and its subsidiaries are committed to conducting business in a legal and ethical manner, there is a risk that its employees or agents may take actions that would be prohibited by the U.S. Foreign Corrupt Practices Act or the United Kingdom Bribery Act 2010 (the "**UK Bribery Act**") or legislation promulgated pursuant to the 1997 Organization for Economic Co-Operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Nigerian Corrupt Practices and Other Related Offences Act No. 5 of 2000 or other applicable anti-corruption rules or regulations. These actions could result in monetary penalties against the Group and its subsidiaries and could damage the Group's reputation and, therefore, its ability to do business. The UK Bribery Act is broader in scope than other such anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act, and applies to public and private corruption and contains no exception for facilitating payments. Despite the Group's training and compliance programmes, there can be no assurance that the internal control policies and procedures will protect the Group from reckless or criminal acts committed by those of the Group's employees or agents who violate the Group's policies. Any investigation of any potential violations of the UK Bribery Act or other anti-corruption laws by UK or foreign authorities could also adversely affect the Group's reputation and, therefore, its ability to do business. If the Group is found not to be in compliance with the UK Bribery Act and other laws governing the conduct of business with government entities (including local laws), the Group may be subject to criminal and civil penalties and other remedial measures, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may not be able to fully comply with anti-money laundering regulations, which could result in governmental fines and a damaged reputation

The Group is required to comply with a variety of anti-money laundering, anti-terrorism laws and other regulations in Nigeria, as well as in other jurisdictions in which it has operations. However, the Group's policies and procedures aimed at detecting and preventing the use of its banking network for money laundering and terrorist activities may not completely eliminate instances where the Group may be used by other parties to engage in money laundering and other illegal or improper activities. In common with other banks in Nigeria, however, the Bank continues to face ongoing risks relating to corruption and potential money laundering schemes perpetrated by individuals and companies in Nigeria. To the extent the Group fails to fully comply with applicable laws and regulations, the relevant government agencies to which reports have the power and authority to impose fines and other penalties on the Group, including the suspension or removal of its banking licence. The Group's business and reputation could also suffer as a result of the imposition of any such penalties or any allegations relating thereto, which could, in turn, have a material adverse effect on the Group's business, business, results of operations and financial condition. See *"Description of the Group—Anti-Money Laundering"*.

The Group has significant off-balance sheet credit-related commitments that may lead to potential losses

The Group conducts business involving contingent liabilities and commitments including acceptances, endorsements, performance bonds, indemnities, guarantees and letters of credit. All such credit-related commitments are classified as off-balance sheet items in the Group's consolidated financial statements. As at 30 June 2021, the Group had ₦820.8 billion in off-balance sheet assets, compared to ₦824.3 billion as at 31 December 2020, ₦897.5 billion as at 31 December 2019 and ₦759.8 billion as at 31 December 2018. Although the Group has established allowances for its off-balance sheet credit-related commitments as it does for its on-balance sheet credits, there can be no assurance that these allowances will be sufficient to protect the Group from the actual losses that the Group may potentially incur on its credit-related commitments. The Group does not create provisions for off-balance sheet liabilities so long as they are performing. However, in the event that an off-balance sheet liability becomes non-performing the Group will take it on balance sheet and create a provision. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Off-balance sheet arrangements*".

Risks relating to the Nigerian banking sector

The banking sector is affected by changes in the Nigerian economy

The financial results and condition of Nigerian banks depend to a significant extent on the performance of the Nigerian economy. Nigeria's economy is currently vulnerable characterised by slow or negative growth, high inflation and significant fluctuations in the value of the Naira. The Nigerian economy entered recession in the second quarter of 2020, before narrowly existing the recession territory in the fourth quarter of 2020. The GDP contracted by 6.1% in the second quarter of 2020, the first contraction since the first quarter of 2017. The economy also contracted in the third quarter of 2020 by 3.6 per cent, but expanded by 0.11% in the fourth quarter of 2020. In the first quarter of 2021, GDP expanded by 0.51% year-on-year. In total, the Nigerian economy contracted by 1.92% in 2020. The contraction of the economy reflected the negative impact of the COVID-19 pandemic, reduced availability of the USD in the FX market, and lower crude oil production volumes on the OPEC+ output cut agreement.

In 2020, economic activities shrank by 1.92%, representing the worst annual growth outturn since 1993 (2.0% contraction), caused by the twin shock of COVID-19 pandemic and sharp decline in oil prices and production according to the IMF. In September 2020, Nigeria's 2020 GDP growth forecast ranged from a 3.0% to 3.2% contraction by the World Bank (downgraded to 4.1% contraction in January 2021), a 4.2% contraction by the Nigerian Government and the NBS, and a 5.4% contraction by the IMF (upgraded to

3.2% contraction in January 2021). While the lack of fiscal space prior to the pandemic constrained the Federal Government's direct stimulus programme to approximately 0.3% of GDP, deficit spending expanded by 114 basis points to an estimated record 4% of GDP in 2020, thanks to multilateral support and the benign local funding conditions, which encouraged a borrowing binge.

Given the adverse impact of the COVID-19 pandemic, the CBN introduced certain policy measures to manage its impact on the Nigerian banking sector's performance. Firstly, there was a moratorium on all CBN intervention facilities. This meant that any intervention loan currently under moratorium would be granted an additional year. Furthermore, interest rates on all applicable CBN facilities were reduced from 9% to 5%. In addition, the CBN also created a ₦50 billion targeted credit facility. This was established through the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending Microfinance Bank for households and SMEs that were not as severely impacted by the COVID-19 pandemic. In addition, the CBN also opened its intervention facilities to the healthcare industry to help expand and open more manufacturing plants in Nigeria. For commercial banks, the CBN granted them leave to consider temporary to consider temporary and time-limited restructuring of the tenor and loans for businesses and households.

The Nigerian economy is highly influenced by oil prices and by the country's level of oil and gas production. According to the NBS, the oil and gas sector contributed approximately 8.2% to GDP in 2020 and 8.8% in 2019. While supply disruptions (theft and sabotage) continue to hamper output in the oil sector, the reasons for the decline in oil production are largely attributable to Nigeria's compliance to OPEC+ output agreement. On a quarterly basis, the oil sector accounted for only 5.9% of overall economic activities in the fourth quarter of 2020 compared to 8.7% and 8.9% in the third quarter of 2020 and the second quarter of 2020, respectively. Given Nigeria's dependence on oil exports for foreign exchange earnings and Government revenue, the country's foreign exchange reserves, Naira/U.S. dollar exchange rate and Government revenues have declined by 8.3%, 24.1% and 21.5%, respectively, over 2020 due to material decline in prices of crude oil, especially in April, when the price of Brent troughed at U.S.$18 per barrel. The decline in oil prices coupled with disruptions to production has had a negative impact on Government revenues, with many states unable to pay salaries. This has affected other sectors such as manufacturing and construction, as well as consumer spending resulting in a decline in GDP growth in 2020.

In December 2019, the price of crude oil was U.S.$67.21 per barrel. Crude oil prices then fell significantly to U.S.$18.69 per barrel in April 2020 but recovered to U.S.$51.69 per barrel in December 2020. The average price of crude oil in 2020 was U.S.$42.85 per barrel, but has increased to an average price of U.S.$63.05 per barrel in 2021.

The average daily production of crude oil in the fourth quarter of 2020 was 1.56 mbd, a decrease from 1.67 mbd per day in the third quarter of 2020. Average daily production was 1.78 mbd, 2.01 mbd, 1.93 mbd and 1.90 mbd in 2020, 2019, 2018 and 2017, respectively. As at January 2016, Nigeria's crude oil reserves, as estimated by the U.S. Energy Information Administration, stood at approximately 37.0 billion barrels but rose to approximately 37.01 billion barrels in December 2019.

While Nigeria's annual inflation rate as measured by the consumer price index ("**CPI**") has maintained an upward trajectory for 19 consecutive months, the CPI showed its first decline, albeit marginal, in April 2021. Notably, headline inflation rate eased 5 basis points to 18.12% year-on-year in April 2021, printing below Bloomberg consensus forecast of 18.8% year-on-year. The positive inflation surprise stemmed from a 23 basis points reduction in food inflation from a record level to 22.72%, while core inflation increased by 7 basis points to 12.74% year-on-year.

The exchange rate of the Naira against the U.S. dollar is significantly affected by international oil prices. The sharp decline in international oil prices from over U.S.$67 per barrel in 2019 to below U.S.$18 per barrel as of April 2020 contributed to the depreciation of the Naira against the U.S. dollar during that period with the CBN officially devaluing the Naira twice in the period to ₦360 to the U.S. dollar and eventually to ₦397 to the U.S. dollar. The official average exchange rate was ₦306.92 for the year ended 31 December 2019 and ₦358.81 for the year ended 31 December 2020. Recently, the CBN adopted the NAFEX exchange rate on its website in May 2021 as its default reference exchange rate for official and legitimate transactions, as a move towards convergence. Hence, NAFEX became the official rate as at 24 May 2021. By early 2021, the unofficial parallel market rate had reached around ₦470 to the U.S. dollar and peaked at ₦480 per U.S. dollar, with the CBN being the only supplier of U.S. dollars at the official rate.

The substantial decline in international oil prices and the exchange rate in 2020 and the first half of 2021, had a significant impact on the import contracts of importers, most of which were unhedged, particularly in the downstream oil and gas sector and the banks, including the Group, which had extended credit to them. Any deterioration in economic conditions in Nigeria as a result of these or other factors, or any significant fluctuation in GDP, oil prices, inflation, the value of the Naira or interest rates could adversely affect Nigerian banks, including the Group.

The bank regulatory system in Nigeria is still developing and may change in a manner that is adverse to the Group

The Nigerian banking sector is at a relatively early stage of development compared to more developed countries. Nigeria's banking industry has historically been characterised as highly fragmented, poorly capitalised and weak in banking regulations, and it is unclear how legal and regulatory developments may affect the competitive banking landscape in Nigeria. In addition, the Nigerian banking sector has experienced rapid credit growth over the past few years, without necessarily having the appropriate regulatory structure, risk management practices and controls in place to protect asset quality. There may also be an increased risk of smaller banks failing to adapt to regulatory changes and the new, more competitive environment. To support the CBN's cashless policy in Nigeria and to encourage wider adoption and use of the electronic payments channel in Nigeria, the CBN is also pushing to strengthen the legal framework to protect consumers against fraud, losses and undue charges. The CBN intends to pursue the enactment of several bills by the National Assembly to tighten financial sector regulations. The Electronic Transaction Bill would give effect to the admission in evidence of all electronically generated statements of account. The Financial Ombudsman Bill aims to facilitate faster resolution of financial disputes, while the Alternative Dispute Resolution ("**ADR**") Regulatory Commission Bill has proposed to create an ADR Commission to promote and regulate the practice and use of ADR in Nigeria.

The current governor of the CBN, Mr. Godwin Emefiele, was appointed on 3 June 2014, following the suspension of Sanusi Lamido Sanusi by the then President Goodluck Jonathan. During Mr. Emefiele's tenure, Nigeria has been faced with a foreign exchange crisis and dwindling oil prices leading to the adoption of stringent measures to protect the Naira and protect Nigeria's foreign reserves. See "*Risks related to the Group—The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies*". No assurance can be given that the regulatory environment in which the Group operates in Nigeria will not change in the future and in a manner that will not have a material adverse effect on the Group's ability to compete and thus on its business, results of operations, financial condition, cash flows, liquidity and/or prospects. Regulatory standards applicable to banks in Nigeria and the oversight and enforcement thereof by regulators may differ from those applicable to banking operations in countries with highly developed regulatory regimes. As a result, investors may not have the benefit of all of the protections available in such other countries.

The high credit risk of Nigerian borrowers and the lack of a fully developed central credit bureau in Nigeria may adversely affect the Group's retail loan portfolio

As the bulk of its activities and services are conducted in Nigeria, the Group, like most Nigerian banks, is subject to the credit risk that Nigerian borrowers may not make payments of principal and interest on loans in a timely manner, if at all, and that upon any such failure to pay, the Group may not be able to enforce any security interest or guarantee that it may have against such borrowers. The credit risk of Nigerian borrowers is relatively high when compared to borrowers from developed markets due to the stage of maturity of the Nigerian market and uncertainties inherent in the political, economic, legal and regulatory environment and the higher risk of fraud. Additionally, the current legal and administrative framework for ownership and transfer of land in Nigeria makes it difficult and expensive for landowners to register land rights and therefore it is difficult for them to pledge their land ownership rights as collateral for a mortgage or other loan.

The risk inherent to Nigerian borrowers negatively affects the Group, as it exposes the Group to higher risks and creates higher potential losses through its loan portfolio which banks in more developed countries may be immune to. Such losses, if material, could have a material adverse effect on the Group's financial condition, liquidity and/or results of operations.

The CBN has established a Credit Risk Management System ("**CRMS**"), which operates as a public credit registry. The CBN has also licensed some private credit bureaux, including Credit Registry and XDS Credit Bureau, to provide credit information to banks and other entities that are registered with the bureau. The bureaux are, however, facing challenges of a dearth of information on individuals and poor data gathering techniques, as well as a lack of a universal unique identifier to facilitate identity theft. In addition, international rating agencies do not have sufficiently wide coverage of Nigerian borrowers. Furthermore, Nigeria's system for gathering and publishing statistical information relating to the Nigerian economy generally, or specific economic sectors and companies within it, is not as comprehensive as those of many countries with established market economies. Thus, the statistical, corporate and financial information available to the Group relating to some of its prospective borrowers, particularly middle tier companies, makes the assessment of credit risk, including the valuation of collateral, more challenging. Although the Group ordinarily makes provisions for loans and advances in line with the CBN Prudential Guidelines, the absence of additional statistical, corporate and financial information may decrease the accuracy of the Group's assessments of credit risk. This may increase the risk of borrower default and decrease the likelihood that the Group will be able to enforce any security in respect of the corresponding loan or that the relevant collateral will have a value commensurate to the loan secured on it. This could, in turn, have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Delay or failure to effectively implement industry reforms may adversely affect the growth prospects of Nigerian banks, including the Group

In August 2021, the Federal Government signed into law, the Petroleum Industry Act 2021 (the "**PIA**") as part of its reforms to the oil and gas sector in Nigeria.

Amongst other things, the PIA seeks to increase profit from petroleum sharing contracts to be spent on frontier exploration. Moreover, the PIA could improve transparency in the oil and gas sector which could increase revenue by reducing the losses due to corruption. Management believes that such reforms will generate new business opportunities (including increased lending opportunities) for Nigerian banks.

However, there is a risk that the PIA may not be implemented efficiently and therefore, may not provide the expected benefits to the banking sector. Further, any uncertainty or turbulence caused as a result of the implementation (or lack of implementation) of these reforms can have a material impact on the banking sector. See "*—Risks related to Nigeria and other regions in which the Group operates—Certain proposed legal and regulatory reforms in Nigeria may not be successfully implemented*".

Risks related to Nigeria and other regions in which the Group operates

There are risks relating to countries in which the Group operates

As at 30 June 2021, 78.5% of the Group's revenues and 84.4% of its assets were derived from operations in Nigeria. Therefore, the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects, and the ability to recover on its loans and other assets, could depend significantly on the economic and political conditions prevailing in Nigeria. In recent times, Nigeria has experienced periods of slow or negative real growth, high inflation, significant devaluation of the Naira, imposition of exchange controls, reduced national security, border closures and increase in VAT rates.

Any deterioration in economic conditions in Nigeria as a result of any of the factors mentioned above or other factors, including a significant depreciation of the Naira or an increase in interest rates, could materially adversely affect the Group's business. This, in turn, could materially adversely affect the Group's business, results of operations and/or financial condition, including the Group's ability to grow its loan portfolio, the quality of its assets and its ability to implement its business strategy.

Emerging markets such as Nigeria are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt the Group's business, as well as cause the price of the Notes to decrease.

Investing in securities of issuers in emerging markets, such as Nigeria, generally involves a higher degree of risk than investments in securities of corporate or sovereign issuers from more developed countries and carries risks that are not typically associated with investing in more mature markets. These risks include, but are not limited to, the following:

- higher volatility and less liquidity in respect of any Notes issued under the Programme;
- greater political risk, and changes in, and instability of, the political and economic environment;

- civil strife, acts of war, terrorism, guerrilla activities (including sabotage of oil production) and insurrection;
- competition from existing market participants that may have a longer history or greater familiarity with foreign markets;
- government interventions and regulatory investigations resulting in detentions and fines levied;
- potential adverse changes in laws and regulatory practices, including import and export licence requirements and restrictions, tariffs, legal structures and tax laws;
- cancellation of contractual rights;
- trade barriers;
- difficulties in staffing and managing operations;
- lack of well-developed legal systems, which could make it difficult for the Group to enforce its contractual rights and intellectual property rights;
- security and safety of employees;
- restrictions on the right to convert or repatriate currency or export assets;
- risk of uncollectible accounts and long collection cycles;
- capital adequacy requirements;
- currency controls and currency fluctuations, including as a result of changes in monetary policy;
- consequences of corrupt practices in the economy;
- indigenisation and empowerment programmes;
- logistical and communications challenges; and
- changes in labour conditions.

Investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in securities of issuers in emerging markets, such as Nigeria, is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult their own legal and financial advisers before making an investment in any Notes issued under the Programme. Investors should also note that emerging markets such as Nigeria are subject to rapid change and that the information set forth in this Base Prospectus may become outdated relatively quickly.

Moreover, financial turmoil in any emerging market country tends to adversely affect prices in equity markets of other emerging market countries, as investors move their money to more stable, developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Nigeria and adversely affect the Nigerian economy. In addition, during such times, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Thus, even if the Nigerian economy remains relatively stable, financial turmoil in any emerging market country could adversely affect the Group's business, as well as result in a decrease in the price of the Notes.

Disruptions in the international capital markets may also lead to reduced liquidity and increased credit risk premiums for certain market participants and result in financing being unavailable for certain entities. Companies located in emerging market countries may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit or the increased cost of debt, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within emerging markets is significantly influenced by levels of investor confidence in such markets as a whole, and so any factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention) could affect the price or availability of funding for entities within any of these markets.

There are risks related to political instability, religious differences, ethnicity and regionalism in Nigeria

With the adoption of a presidential constitution in May 1999, Nigeria has undergone its longest period of civilian rule since obtaining independence from the United Kingdom in 1960. In May 2015, former President, Goodluck Jonathan, left his position upon the election of President Muhammadu Buhari. Post-election violence had been common in Nigeria, with the latest incident occurring in 2019. Although there was some election related violence, the elections were widely accepted by local and international observers, such as the United States, EU, African Union, and the Economic Community of West African States ("**ECOWAS**"), as reflective of the popular will after the former President, Goodluck Jonathan, was announced the winner of the presidential election following widespread dissatisfaction with the results of the elections by supporters of an opposition party. Nigeria has also experienced recurrent ethnic and religious unrest. Currently, nomadic cattle herdsmen have been clashing with agrarian communities over the destruction of crops by animals, resulting in hundreds of deaths of residents of these communities. Furthermore, several hundred thousand people have been forced from their homes because of violence between farmers and herders, conflicts that are often exacerbated by religious and ethnic differences, as well as climate-change induced water scarcity. Recent attempts to end the conflicts have proved unsuccessful, as the approval of rural grazing area settlements by President Buhari in May 2019 was followed by widespread criticism within Nigeria, leading to suspension of the programme to establish these settlements.

Additionally, starting in 2011, Nigeria saw an upsurge in attacks in its North-Eastern regions by Boko Haram, an Islamic militia group. In April 2014, Boko Haram kidnapped 276 female students from Chibok, Borno, which attracted widespread international media interest and, in late 2014, it started launching attacks into northern Cameroon, Niger and Chad. In July 2016, a team from the United Nations International Children Emergency Fund was attacked by suspected Boko Haram insurgents, leaving several injured and leading UNICEF to momentarily withdraw aid for IDPs. In August 2016, the so-called Islamic State in Syria, a Middle-Eastern terrorist group to which Boko Haram had pledged allegiance, announced the appointment of a new leader for Boko Haram, thereby validating the suspicion that its former leader had been killed by the Nigerian military. However, in 2016, an international coalition consisting of Nigeria, Niger, Chad and Cameroon appeared to have made significant progress in curbing the activities of Boko Haram, but violence perpetrated by Boko Haram has escalated since late 2018, with attacks on Nigerian military bases on 20 July 2018, 8 October 2018 and 22 November 2018. Since December 2019, Boko Haram has resumed attacks in North-Eastern Nigeria, particularly along major highways between Maiduguri and Damaturu, the capitals of Borno and Yobe States. On 20 January 2020, Boko Haram kidnapped and murdered the Adamawa State branch chairman of the Christian Association of Nigeria in one of many recent murders of religious leaders.

The Nigerian Government has announced the liberation of cities which were hitherto under siege by the insurgents and encouraged internally displaced persons ("**IDPs**") to return to their communities. It is strongly suspected that the leader of the Boko Haram terrorist group was killed during the military operations, but Boko Haram strongly denies it. However, there are still incidents of bombings and attacks by the insurgents.

Moreover, though diminished in recent times, there remains some resentment in the oil-rich Niger Delta towards the expenditure of oil revenue in other parts of the country, and the allocation of oil revenue expenditure has provoked political debate. The oil producing areas claim that they deserve some additional benefit in the form of jobs and compensation for environmental degradation. The Nigerian Government also operates an amnesty programme for former militants who had been disrupting activities of oil companies through kidnappings, sabotage and theft. See "*—Risks related to the Group—Militant activities in the Niger Delta could destabilise oil production in Nigeria, adversely affecting Nigeria's economy and the Group's business*".

Over the past few years, there has been an increase in violence and civil disturbance in the Niger Delta, Nigeria's southern oil-producing region, mainly from militant groups who oppose, among other things, the activities of the oil companies in the area. This violence has mainly focused on oil interests in the region, and oil production from onshore fields has slowed as a result of several kidnappings and bombings of oil installations and facilities. The outcome of such actions may have a continued significant impact on

Government revenues from oil production, given that most of Nigeria's oil revenues come from oil produced in the Niger Delta region. At least one international oil company present in Nigeria has raised the possibility that it might cease operations in Nigeria if conditions continue to worsen, while several international oil companies have begun the process of actively divesting their onshore assets in Nigeria, although it is not clear if the divestments were a direct result of the situation in the Niger Delta. For example, Conoco Phillips has fully divested all of its offshore and onshore assets in Nigeria. Since 2014, Shell Petroleum Development Company, Nigerian Agip Oil Company Limited, Mobil Oil Nigeria Plc, Total E&P Nigeria Limited and Chevron Nigeria Limited have all divested part of their assets in Nigeria as a result of oil spills, sabotage and theft. In August 2015, the Nigerian unit of Royal Dutch Shell plc invoked a force majeure clause and shut down the Trans-Niger Pipeline and Nembe Creek Trunkline, each serving the Bonny Terminal, following incidents of vandalism. It is estimated that the Federal Government loses at least U.S.$6.0 billion in revenue annually as a result of these acts. Since March 2016, a new militant group, the Niger Delta Avengers, has carried out attacks in the Niger Delta. In 2017, following a visit from Vice President Yemi Osinbajo to the Niger Delta, militant activity in the region decreased significantly. However, the situation in the Niger Delta remains tense and any increase in disturbances could have an impact on oil revenue. Media sources are reporting that these attacks in the Niger Delta have pushed crude oil production to a 30-year low.

In addition, increased oil activity may create new conflicts between local communities and oil companies. In March 2016, certain Niger Delta communities brought a court action against Royal Dutch Shell due to the damage these farming and fishing communities had allegedly suffered as a result of repeated oil spills from pipelines. Should tensions between oil companies and local communities regarding oil exploration, oil spills or other environmental issues continue to escalate or fail to be resolved, there could be an increase in oil sabotage activities in the region, resulting in further declines in oil supply or even a potential standstill in oil production.

In spite of the Federal Government's efforts, militant acts in the Niger Delta continue to be directed at oil industry participants and against the presence of foreign oil interests in the region, and there is no assurance that militant acts will not occur in the future. Continued unrest in the Niger Delta region may lead to lower oil production, deter foreign direct investment, lead international oil companies to curtail their operations in Nigeria or lead to increased political instability and unrest, and could have a material adverse effect on Nigeria's economy and, as a result, on the Group's business, results of operations and financial condition.

These events have had a direct impact on the Group. The Group has suffered loss of properties in the regions affected by conflict, and has had to incur additional expenses to implement extra security measures at its branches in the affected areas, as well as also having to limit the operating hours of some branches at affected locations. Unless resolved by the Federal Government, these conflicts may adversely affect Nigeria's political and economic stability which may, in turn, further affect the Group's business, financial condition, results of operations and/or prospects.

The CBN may intervene in the currency markets by drawing on external reserves and the Naira is subject to volatility

The CBN has historically favoured maintaining the Naira within a narrow band with periodic adjustments. Nigeria's external reserves fluctuated from U.S.$39.4 billion as at 31 December 2017 to U.S.$42.5 billion as at 31 December 2018 and U.S.$38.1 billion as at 31 December 2019. As at 30 June 2020, due to the oil price shock and the impact of the COVID-19 pandemic, the external reserves declined to U.S.$36.2 billion and further declined to circa U.S.$35.0 billion in November 2020. Given the fluctuations in Nigeria's external reserves, its high dependence on oil exports and the fact that Nigeria pays for its key imports, such as refined oil, in U.S. dollars, the Naira will remain vulnerable to external shocks, which could lead to a sharp decline in its value. High volatility in crude oil prices reduced foreign exchange accretions to Nigeria's foreign reserves and hindered the capacity of the CBN to support the Naira. However, the CBN has demonstrated its capacity to leverage on oil savings and foreign borrowings (if necessary) to continue its policy of defending the Naira in the future.

Any further currency fluctuations and/or fluctuations in Nigeria's external reserves may negatively affect the Nigerian economy in general and, as a result, have a material adverse effect on the Group's business, results of operations and financial condition.

Failure to adequately address actual and perceived risks of corruption may adversely affect Nigeria's economy and ability to attract foreign direct investment

Although Nigeria has implemented and is pursuing major initiatives to prevent and fight corruption and unlawful enrichment, corruption remains a significant issue in Nigeria, as it is in many other emerging markets. Nigeria is ranked 149 out of 179 countries in Transparency International's 2020 Corruption Perceptions Index and ranked 131 out of 190 in the World Bank's Doing Business 2020 report, which is benchmarked to May 2019. Since 2000, Nigeria has implemented various measures to prevent and fight corruption and unlawful enrichment. In particular, Nigeria created the Independent Corrupt Practices Commission in 2000 to receive complaints and investigate and prosecute offenders. In 2004, Nigeria also created the Economic and Financial Crimes Commission ("**EFCC**"), which is mandated to combat economic and financial crimes (including powers of investigation and prosecution) and to enforce the provisions of certain laws and regulations relating to economic and financial crimes.

Despite its reform efforts, corruption continues to be a serious problem impacting Nigeria. There have been a number of high-profile convictions for corruption, including that of a former Inspector General of the Police. There have also been a number of high-profile arrests and prosecutions for corruption. The Buhari administration has stated its commitment to tackling corruption. However, failure to address these issues, continued corruption in the public sector and any future allegations of or perceived risk of corruption in Nigeria could have an adverse effect on the Nigerian economy and may have a negative effect on Nigeria's ability to attract foreign investment and, as a result, may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects. Although President Muhammadu Buhari has indicated his intention to probe various officials and projects of the last administration, and some of the investigations have begun, it is difficult to determine whether such probes would be successful and whether this would bring about a positive change in the wave of corruption in Nigeria.

Nigeria's economic stability is subject to risks

The Nigerian economy faces significant challenges and Federal Government initiatives to address these challenges may not be as successful as anticipated. During the years of military rule in Nigeria, national infrastructure and services were neglected. For instance, the agricultural sector declined and Nigeria transitioned from being a net food exporter to a food importer as military heads of state neglected all but the lucrative oil sector. Manufacturing and industry, both burgeoning in the 1960s, received no Federal Government support. Despite being a major oil producer, Nigeria frequently suffers from fuel shortages. Access to and distribution of electricity are also major challenges in Nigeria. According to the Nigeria Power Baseline Report of August 2015, only about 45% of Nigeria's total population has access to the public electricity supply due to inadequate transmission and distribution networks. Electricity distribution is also affected by liquidity problems in the distribution sector, as Nigeria's Electricity Distribution Companies ("**Discos**") struggle to pay for the power received from Nigeria's Electricity Generation Companies ("**Gencos**"). While the Federal Government has rolled out several initiatives to increase access to electricity (as measured, for instance, by the number of metered electricity users), the pace of implementation has in some cases been slow.

The Federal Government has undertaken several initiatives to improve economic stability. These include measures to increase cultivation of farmland, increase employment through public works programmes, build homes, expand use of off-grid power, support small businesses and formalise the informal sector and cut non-essential Federal Government spending. Should these initiatives not be successful or if the Nigerian economy experiences further instability it may negatively affect the Nigerian economy in general and, as a result, have a material adverse effect on the Group's business, results of operations and financial condition.

The continuing depletion of the Excess Crude Account and the uncertainties surrounding the National Sovereign Wealth Fund could have adverse impacts on the Nigerian economy

The Excess Crude Account ("**ECA**") is an account set up to assist in stabilising the Federal Government's finances to address volatility in crude oil prices and production. The ECA is funded with the positive difference, if any, between the revenue generated by the price of oil per barrel included in the budget for the year and the actual revenue received in that year. The ECA has historically funded government subsidies of refined oil products as well as other purposes, including disbursements of approximately U.S.$8.0 billion to fund the National Integrated Power Project ("**NIPP**") of Nigeria and U.S.$1.0 billion as seed capital for the National Sovereign Wealth Fund ("**NSWF**") (which funds have been ring-fenced and are not included in the balance of the ECA). The recent decline in oil production has adversely affected the balance of the ECA. As at 31 December 2019, the balance of the ECA was U.S.$324.5 million. The balance of the ECA is shared between the Federal Government, state governments and local governments in Nigeria, upon a request for disbursements by the state governments or the Federal Government, according to a specified formula. Depletion of the ECA in recent times has been cited with concern by rating agencies and other third parties who view the ECA as an important factor in ensuring the stability of the Nigerian economy. No assurance can be given that the ECA will not continue to be depleted at a rate greater than that necessary for the Federal Government to protect its finances from the impact of volatility in oil prices and production, or that the actual price of oil will exceed the price of oil included in the budget in future periods by amounts sufficient to ensure significant funding for the ECA in the future. The absence of such funding for the ECA may constrain the Federal Government's ability to finance budget deficits in the future. The sharp decrease in crude oil prices in 2020 led to a decline in the balance of the ECA which was U.S.$71.8 million as at 30 June 2021. This represented a decline of about 22% in the first six months of 2020 and 98% within the last five years, as the ECA stood at U.S.$2.2 billion in August 2015.

The purpose of the NSWF is to build a savings base for the Nigerian citizenry, enhance development of the infrastructure sector and provide stabilisation support in times of economic stress. In addition, the NSWF was intended to support and/or replace the ECA as a secondary stabilisation account in the event of changes in oil prices and production. Pursuant to the Nigeria Sovereign Investment Authority Act and the decision of the National Economic Council, the initial funding of U.S.$1.0 billion to the NSWF was to be provided by the Federal, state, the Federal Capital Territory ("**FCT**") and local governments of Nigeria. Future funding for the NSWF will be derived from residual funds received into the Federation Account from excess oil revenues, being those over and above the amount needed to fund Nigeria's national budget. An additional funding of U.S.$250.0 million was received from the Federal Government as additional capital contribution in 2017. Whilst the creation of the NSWF is widely considered to be an improvement in the management of Nigeria's inflow from oil exploration funds, there can be no assurance as to whether it will continue to have sufficient funding (as this is dependent on the price of oil), whether it will make profitable investments or achieve its strategic objectives. On 8 April 2020, the NSIA announced that the Nigerian Government would be withdrawing U.S.$150 million from the Stabilisation Fund of the NSWF to contain emerging fiscal risks due to the COVID-19 pandemic and the recent decline in Government revenue. The withdrawal reduces the value of funds under management in the Stabilisation Funds to U.S$201 million from U.S.$351 million as at 31 December 2019. The withdrawn funds are to augment the June 2020 planned disbursements by the Federal Government to state and local governments across the country. Furthermore, the Supreme Court, in an action instituted by State Governors challenging the constitutionality of the NSWF with regard to its funding from proceeds in the ECA (the legality of the flow of funding into which the State Governors are also challenging), has directed the parties to settle the dispute out of court.

The continuing depletion of the ECA and the uncertainties surrounding the newly established NSWF may negatively affect the Nigerian economy in general and, as a result, have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

There are risks associated with weak corporate governance standards in Nigeria

In May 2014, the CBN issued a revised Code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistle Blowing in the Nigerian Banking Industry, which became effective on 1 October 2014 (the "**Revised Code**"). The Revised Code, which supersedes the previous code issued in March 2006, amends certain sections of the previous code of corporate governance in order to align the Revised Code with current realities and global best practice and to eliminate perceived ambiguities and strengthen governance practices. The CBN, in ensuring the enforcement of the Revised Code, creates an obligation on banks and discount houses to submit quarterly returns on their compliance with the provisions of the Revised Code not later than seven days after the end of each quarter.

In addition, the Financial Reporting Council (the "**FRC**") of Nigeria recently released the Nigerian Code of Corporate Governance (the "**Code**") on 15 January 2019. The Code highlights key principles that seek to institutionalise corporate governance best practices in Nigerian companies. The Code is aimed at providing a minimum national standard for the not-for-profit, private and public sectors. The Code would also apply alongside any sector-specific code that the sector regulator may issue, and compliance with the Code, when it becomes operative, would be mandatory. In January 2011, the Nigerian SEC approved the implementation of a new Code of Corporate Governance for Public Companies. This code, which took effect in April 2011, was expected to bring about more stringent standards of transparency and accountability. However, with the introduction of the Code, the Nigerian SEC Code of Corporate

Governance for Public Companies is no longer applicable. In 2020, the Nigerian SEC introduced the Corporate Governance Guidelines and revised reporting templates which became effective on 1 January 2021 and is applicable to all public companies. However, no assumption can be made that these standards are equivalent to those required in the United States or Western Europe.

Certain proposed legal and regulatory reforms in Nigeria may not be successfully implemented

Several Government reforms are underway to improve Nigeria's electricity generation, transmission and distribution infrastructure. Following the transfer by the Federal Government in 2013 of over 15 Gencos and Discos to preferred bidders as part of the execution of the privatisation programme of the power sector in Nigeria, the industry has experienced major transformation.

However, the Gencos and Discos have identified the current weak transmission network as a major obstacle to achieving the 2030 Federal Government target of 90% electrification rate and 45GW of installed capacity. This is believed to result from the high non-technical losses and low infrastructure coverage of the country. The current administration has, however, expressed willingness to introduce measures to sustain private sector investment and address extant challenges in the power sector.

Government reforms in the maritime transportation sector aim to shorten the turnaround time of cargo ships in Nigerian ports, reduce administrative charges, increase competition, improve safety and security and dredge the Lagos and Bonny harbours to accommodate large ocean liners. The Federal Government is also encouraging the establishment of indigenous shipping lines through the enactment of the Cabotage Act to restrict the use of foreign vessels in domestic coastal trade in Nigeria and promote domestic shipping companies. The Cabotage Act, which is currently undergoing amendment before the National Assembly, also provides for the establishment of the Cabotage Vessel Financing Fund to promote the development of ship acquisition capacity by providing financial assistance to Nigerian operators.

There are certain provisions in each of the above-mentioned regulations and reforms which, if effectively implemented, are expected to result in the growth and development of the Nigerian banking industry and increased levels of business and returns for the Group. For example, the extant Nigerian Content Act provides that all operators, contractors and other entities engaged in any operation, business or transaction in the Nigerian oil and gas industry requiring financial services shall retain only the services of Nigerian financial institutions or organisations, except where this is impracticable. The Nigerian Content Act also requires all operators, contractors and subcontractors to maintain a minimum of 10% of the total revenue accruing from their Nigerian operations in bank accounts domiciled in Nigeria. The Cabotage Act contains local content provisions in connection with domestic coastal carriage of cargo and passengers, which are expected to also increase Nigerian entities' requirements for finance and financial services from Nigerian banks, including the Group.

The growth prospects of the Nigerian economy will depend largely on the ability of the Federal Government to implement industry reforms designed to develop national infrastructure and attract foreign investment. For example, Nigeria is pursuing a number of new policy directions with the aim of restructuring its upstream and deregulating its downstream oil and gas sectors. Management believes that such reforms will generate new business and increased lending opportunities for Nigerian banks, but the final form that these measures will take is subject to significant uncertainty and to political and economic influences. Legislative initiatives behind these reforms include the PIA.

The passing of the PIB suffered significant delays as a result of the introduction of additional legal and regulatory provisions for a third regulator for the mid-stream petroleum subsector as well as other ancillary provisions.

In August 2021, the Federal Government signed into law the PIA as part of its reforms to the oil and gas sector in Nigeria. It has four main components (governance, administration, host communities and finance) which are brought back together under one bill; the scrapping of a number of bodies to be replaced by two regulators (the Nigerian Upstream Regulatory Commission—NURC, and the Nigerian Mid and Downstream Petroleum Regulatory Authority—NMDPRA); the privatisation of NNPC; and a number of other significant changes to the way the industry will be governed. However, there is still a risk that the PIA may not be implemented efficiently and therefore, may not provide the expected benefits to the banking sector.

Government reforms in the sea transportation sector that are currently contemplated aim to shorten the turnaround time of cargo ships in Nigerian ports, reduce administrative charges, increase competition, improve safety and security and dredge the Lagos and Bonny harbours to accommodate large ocean liners. The Federal Government has also encouraged the establishment of indigenous shipping lines through the proposed Coastal and Inland Shipping (Cabotage) Act, 2003 (Cap C51 LFN 2004) (the "**Cabotage Act**") to restrict the use of foreign vessels in domestic coastal trade in Nigeria and promote domestic shipping companies. The Cabotage Act also provides for the establishment of the Cabotage Vessel Financing Fund to promote the development of ship acquisition capacity by providing financial assistance to Nigerian operators. Several Government reforms are also underway to improve Nigeria's electricity generation, transmission and distribution infrastructure.

There is also a risk that the regulatory reforms may not be implemented effectively. If the reforms are not implemented as intended, the Nigerian economy and Nigerian banking sector may not achieve the growth prospects expected from the several ongoing government reforms, which could, in turn, have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

High inflation could have a material adverse effect on Nigeria's economy

Nigeria remains exposed to the risk of high inflation. In 2020, mean headline inflation was 13.2% year-on-year compared to 11.4% in 2019 and 12.15% in 2018. Pressures on Nigerian inflation mainly reflected sharp increases in food inflation due to the impact of currency instability in the first few months of the year and demand pressures from the previous border closure. This pressure is worsened by rising core inflation which reflected significant pressure from energy prices. Meanwhile, headline inflation has already touched 18.12% as of April 2021, the highest level in 46 months.

Similarly, on a monthly basis headline inflation has maintained an upward trend as average month-on-month ("**MoM**") inflation came in at 1.20% in 2020 compared to 0.90% in 2019. In support of this monthly inflation upward trend is below average main harvest in the southern part of the country that is partly caused by farmer-herder conflicts in the food producing regions of the country. As at 31 July 2021, the inflation rate remained high at a rate of 17.38%. Any further increases in inflation could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

There remains the issue of lack of trust in domestically collated statistics

The NBS and the CBN, as well as a range of ministries, including the Ministry of Finance, Ministry of Petroleum, Ministry of Commerce and Industry and Ministry of Environment produce statistics relating to Nigeria and its economy. Although there have been significant efforts to improve the compilation of Nigeria's data in recent years, including through technical assistance provided by the IMF, there can be no assurance that these statistics are as accurate or as reliable as those published by more developed countries or domestic non-governmental sources. Given the incessant discordance amongst various data agencies in Nigeria, there exist a credibility risk which could hamper the Group's efforts to forecast future outcomes accurately.

The CBN's ability to defend the Naira remains questionable

In 2017, the CBN switched to a more pro-market orientation in the currency market with the establishment of the IEW the key marker. This move created a fairly market-driven foreign exchange market that helped to taper earlier concerns from foreign interests. As a consequence, the nation realised sharp increases in foreign portfolio flows from abroad with flows from autonomous sources also improving as well. In addition to this, the twin positives of higher domestic crude production and increases in global oil price also helped to bloat Nigeria's oil revenues in the period. In view of both developments, Nigeria's foreign reserve as at 28 June 2019 sat at a multi-year high of U.S.$45.1 billion. However, the collapse in oil prices coinciding with the COVID-19 pandemic has significantly reduced the CBN's ability to defend the naira, with foreign reserves reduced to U.S.$33.3 billion as at 30 June 2021.

On balance, the decline in reserves (owing to lower foreign portfolio inflow and benign crude revenue) has reduced the CBN's ability to defend the Naira when the need arises. This is even as investors' access to the foreign currency market, as measured by the level of foreign currency market turnover for member-client sale, decreased significantly by over 50% year-on-year to U.S.$64 billion on average as of 2021. Given the extension of OPEC's oil production cut agreement and domestic stability in production, the Group expects Nigeria's reserve and currency market to remain volatile.

Nigeria's oil and gas sector remains the main concern for economic growth

Oil sector real output contracted steeply by 12.7% year-on-year in the second quarter of 2021 (compared to a contraction of 6.6% year-on-year and a contraction of 2.2% year-on-year in the second quarter of 2020 and the first quarter of 2021, respectively). The contraction was a result of weaker oil production levels in the second quarter of 2021, as average daily production declined by 11.0% year-on-year to 1.6mbpd (from 1.8mbpd in the second quarter of 2020) and 6.4% quarter-on-quarter period-on-period (from 1.7mbpd in the first quarter of 2021). The decline in oil production is directly associated with OPEC+ production limits, as well as sustained cut back of investment in the upstream sector. Overall, the oil sector's contribution to real GDP slid to 7.4% (as compared to 8.9% and 9.3% in the second quarter of 2020 and the first quarter of 2021, respectively) due to contraction in output relative to other sectors. Other factors that could impact GDP growth related to the oil sector include threats to oil production if militants in the host communities retaliate against the 3% host community allocation in the PIA, weaker demand in China as COVID-19 cases proliferate, affecting the demand for Nigeria's crude, negative sentiments from foreign portfolio investors, based on political and regulatory risks, and fresh macroeconomic shocks that were originally unanticipated. As the Group is impacted by the Nigerian economy generally, the realisation of any of these factors could have a material adverse effect on its business, financial condition and results of operations.

Nigeria may face a lack of continued access to foreign trade and investment for several reasons

According to reports by the National Bureau of Statistics, Foreign Direct Investment ("**FDI**") inflows into Nigeria, which consist of equity capital and capital inflows, rose by 179% to U.S.$414.79 million in the third quarter of 2020 compared to the prior quarter. The growth in FDI was principally underpinned by higher inflow into equity, wherein inflows rose to U.S.$415 million. Despite the increase in FDI inflows, investors remain sceptical about the Nigerian business environment. The relatively volatile foreign portfolio investment ("**FPI**") flows expanded by only 5.6% to U.S.$407 million in the same period.

The future prospects for FDI inflows to Nigeria are uncertain, and if there is no decrease in the perceived risks associated with investing in Nigeria, including those described herein, there may not be any appreciable increase in FDI, which could adversely affect the Nigerian economy and limit sources of funding for infrastructure and other projects requiring significant investment by the private sector. This may in turn have a material adverse effect on the Group's business, results of operations and financial condition.

Nigeria suffers from chronic electricity shortages

In spite of the abundant energy resources in the country and significant Government reform efforts and investments in the power sector in recent years, lack of sufficient and reliable electricity supply remains a serious impediment to Nigeria's economic growth and development. Insufficient power generation, aging infrastructure, weak distribution networks and overloaded transformers result in frequent power outages, high transmission and distribution losses and poor voltage output.

According to World Bank's last update (February 2021), 85 million Nigerians do not have access to grid electricity. This represents 43% of the country's population, and makes Nigeria the country with the largest energy access deficit in the world. This was due to inadequate transmission and distribution networks. The Federal Government has also identified improvements in electricity generation, transmission and distribution infrastructure as critical elements required to enable the country meet its economic growth and development objectives. However, as the Nigerian economy continues to grow, the country's electricity needs are expected to increase in parallel.

To address these issues, the Federal Government is pursuing a number of policy initiatives including those set forth in the NIPP, the Transformation Agenda and the "Roadmap for Power Sector Reform". The Federal Government has also commenced the development of generation and distribution assets as well as the upgrade of transmission facilities under the NIPP. To ensure private sector best practices, the generation assets of the NIPP have been divested by the Federal Government through a sales process, which has now been completed. The Federal Government has also expressed its commitment to the power sector reforms initiated by the previous Government, and has indicated its willingness to introduce measures to sustain private sector investment and address extant challenges in the power sector. In addition, the Federal

Government has indicated its commitment to implement the power sector reforms and has set a generation target of 45GW by 2030. Failure to address the deficiencies in Nigeria's power generation, transmission and distribution infrastructure and related concerns within the power sector could lead to lower GDP growth and hamper the development of the economy which, in turn, may have an adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

The taxation and customs systems in Nigeria may be subject to changes and inconsistencies

As with other emerging markets, the Nigerian economy may experience changes in tax and customs charges from time to time as considered necessary for the development of the economy. In addition, the Federal Government has indicated that taxes, customs and excise duties may be the next major sources of revenue in view of the fluctuation in revenue derived from oil. A bill to repeal the current Customs and Excise Management Act and reform the administration and management of customs and excise in Nigeria was passed in May 2017. The new law seeks to reform the administration and management of customs and excise in Nigeria and bring it in line with best practices. Further, the Nigerian Federal Inland Revenue Service's interpretation of, or decision with respect to, certain sections of tax laws may differ on a case-by-case basis. Though the Finance Acts of 2019 and 2020 are expected to generally improve the Nigerian economy without causing a dramatic increase in the Bank’s tax burden, there can be no assurance that they will be successfully implemented. Furthermore, other changes in Government policies on taxation, customs and excise duties, as well as inconsistencies in interpretation of and decisions relating to tax laws, may have an adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

Further, the Nigerian Federal Inland Revenue Service's interpretation of, or decision with respect to, certain sections of tax laws may differ on a case-by-case basis. Changes in Government policies on taxation, customs and excise duties, as well as inconsistencies in interpretation of and decisions relating to tax laws, may have an adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects. For example, while the Nigerian Federal Inland Revenue Service maintains that all payments due under VAT be remitted to it, in August 2021, the Federal High Court held that the Rivers State Government, and not the Federal Government (through the Nigerian Federal Inland Revenue Service), was the rightful authority to receive remittance of VAT in the state. The Nigerian Federal Inland Revenue Service has appealed the decision to the Nigerian Court of Appeal and has further sought for a stay of execution order. Pending the final decision of the Nigerian Court of Appeal (and the Nigerian Supreme Court where a further appeal is instituted), the status of the appropriate authority to collect VAT will remain an open question in Nigeria.

There are health risks relating to operating in Nigeria that could adversely affect the Group's business, results of operations, financial condition and/or prospects

HIV/AIDS, tuberculosis (which is exacerbated in the presence of HIV/AIDS), malaria and typhoid are major healthcare challenges in Nigeria and other West African countries. HIV has a prevalence in Nigeria of 1.4% among adults aged 15–49 years. Previous estimates had indicated a national HIV prevalence of 2.8%. UNAIDS and the National Agency for the Control of AIDS estimate that there are 1.9 million people living with HIV in Nigeria. In recent years, there has been a significant expansion in the country's response to HIV. The number of sites providing treatment has more than tripled, the number of sites providing services to prevent mother-to-child transmission of HIV has increased eightfold and the number of HIV counselling and testing sites has increased fourfold. 11.3 million adults had access to counselling and testing for HIV in 2016, four times as many as in 2012. Despite the foregoing, the Group may still incur costs relating to the loss of personnel and the related loss of productivity, as well as costs relating to recruiting and training of new personnel due to the high prevalence of HIV/AIDS, tuberculosis, malaria and typhoid. The Group is ultimately not able to quantify these costs accurately, and no assurance can be given that the costs it will incur in connection with this epidemic will not have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

Inefficiencies in the judicial system may create an uncertain environment for investment and business activity

The Nigerian legal system faces a number of challenges including: (i) delays in the judicial process as most cases take a considerable period of time to be concluded, and (ii) conflicts between and within laws, regulations, decrees and orders. However, the Nigerian judicial system, over the last 10 years, have witnessed considerable reform. In Lagos State (the commercial centre of Nigeria and where the Group is headquartered), has witnessed, the setting up of commercial courts, the appointments of more commercially minded judges and the introduction of new rules to cut down on delays in the judicial process. Despite reforms, the slow judicial process may sometimes affect the enforceability of judgments obtained, including the ability to recover the assessed value of collateral on defaulting borrowers. Those and other factors that have an impact on Nigeria's legal system, and make an investment in the Notes subject to greater risks and uncertainties than an investment in a country with a more mature legal system. There have also been some recent disruptions to the operations of Nigerian courts, occasioned by lockdown measures imposed in the wake of the COVID-19 pandemic and industrial action by judiciary staff. In April 2021, Nigeria witnessed a nationwide strike of court workers under the aegis of the Judiciary Staff Union of Nigeria, which paralysed the justice system in the country for approximately two months, until it was suspended in June 2021 following progress in negotiations amongst relevant stakeholders. The nationwide strike was triggered following demands made by court workers requesting financial autonomy for the country's judicial arm, in compliance with the Nigerian constitution. During the recent strike, there was a standstill of court proceedings as court workers denied lawyers and litigants access to court premises across the country.

A significant portion of the Nigerian economy is not recorded

A significant portion of the Nigerian economy comprises the informal, or shadow, economy. According to the NBS, in 2015, the informal sector accounted for approximately 41.4% of Nigeria's nominal GDP. The informal economy is not recorded and is only partially taxed, resulting in not only lost revenue for the Federal Government but also ineffective regulation, unreliability of statistical information (including the understatement of GDP and the contribution to GDP of various sectors) and inability to monitor or otherwise regulate a large portion of the economy. Lack of effective regulation and enforcement in this shadow economy also gives rise to other issues including health and safety concerns. Although the Federal Government is making efforts to address the informal economy by streamlining certain regulations, particularly tax laws, there can be no assurances that such reforms will adequately address the issues and scale back the informal economy. This could result in a material adverse effect on the Group's business, results of operations and financial condition.

Failure to adequately address Nigeria's significant infrastructure deficiencies could adversely affect Nigeria's economy and growth prospects

The Federal Government has identified Nigeria's decaying infrastructure as a major impediment to economic growth. Persistent problems with power generation, transmission and distribution, a deteriorating road network, congested ports and obsolete rail infrastructure have severely constrained socio-economic development in Nigeria. The Federal Government's planned response included ambitious targets for infrastructure improvements and investments as part of the first phase of implementing the Vision 20:2020 strategy, a long-term strategic plan launched in 2009 by the Federal Government in order to transform Nigeria into one of the 20 largest economies in the world by the year 2020. President Muhammadu Buhari has indicated that his administration would be continuing the National Integrated Infrastructure Master Plan ("**NIIMP**") approved by President Goodluck Jonathan in 2015. The NIIMP aims to raise Nigeria's stock of infrastructure from the current 20.0-25.0% of GDP to at least 70.0% of GDP by 2043. It identifies that approximately U.S.$3.05 trillion (₦485.0 trillion) will be required to upgrade Nigeria's infrastructure across different asset classes, including energy, transport, information and communications technology ("**ICT**"), housing, water, agriculture, mining, social infrastructure, vital registration and security over the 30-year period. For the first five years of the NIIMP (2014-2018), an investment of U.S.$166.1 (₦26.9 trillion) was required to upgrade infrastructure. Failure to significantly improve Nigeria's infrastructure could adversely affect Nigeria's economy and growth prospects, including its ability to meet GDP growth targets which may, in turn, have an adverse effect on the Group's business, results of operations and financial condition. In September 2020, President Buhari announced the development of Nigeria's Agenda 2050 ("**Agenda 2050**") and the Medium Term National Development Plan 2021-2025 (the "**MTNDP 2025**"), to succeed Vision 2020 and the Economic Recovery Growth Plan, which were both due to end in December 2020. However, the successor plans are not yet in place and the Federal Government expects to launch Agenda 2050 in July 2021.

Risks related to the Notes and the trading market

The Notes may not be a suitable investment for all investors

Each potential investor must determine the suitability of an investment in the Notes in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Prospectus and any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's home currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Notes may be complex financial instruments. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Shortage of U.S. dollar liquidity in the Nigerian market may adversely affect the Bank's ability to service its U.S. dollar liabilities

Prior to the decision by the Nigerian authorities to remove the peg on the Naira to U.S. dollar exchange rate and introduce pro-market initiatives such as the IEW, Nigeria experienced a substantial decline in foreign reserves as the CBN actively intervened in the foreign exchange markets to maintain the value of the Naira. This CBN intervention resulted in a significant shortage of U.S. dollar liquidity in Nigeria. As the Bank did not intend to import the proceeds of any Notes issued under the Programme into Nigeria or convert such proceeds into Naira, it did not obtain a CCI which would otherwise have given it access to the foreign exchange markets in Nigeria. See "*Exchange Rates and Exchange Controls—Exchange Controls*". While Management believes the Bank's practices of only lending in U.S. dollars to customers that generate revenue in U.S. dollars (and, accordingly, can service their borrowings from the Bank in U.S. dollars) will provide it with sufficient U.S. dollar liquidity to fund its U.S. dollar liabilities, in the event the Bank has a U.S. dollar shortage in its own funding, there can be no assurances that the Bank will be able to access U.S. dollars from the official Nigerian foreign exchange markets in order to service its U.S. dollar liabilities, including the Notes.

The Notes may be redeemed prior to maturity following a change in the tax laws of Nigeria

If (i) as a result of any change in, or amendment to, the laws or regulations of Nigeria (or any other Relevant Jurisdiction, as defined in Condition 8 (*Taxation*)), or any change in the application or official interpretation of the laws or regulations of such jurisdiction, which change or amendment becomes effective after the issue date of the first Tranche of Notes in the relevant Series, the Bank would be required to pay additional amounts on account of any taxes of such jurisdiction in respect of subsequent payments under such Notes as provided or referred to in Condition 8 (*Taxation*), which shall not include any additional amounts that become payable as a result of the expiration of the exemption contemplated by the Nigerian Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, and (ii) the requirement to pay such taxes cannot be avoided by the Bank taking reasonable measures available to it, the Bank may (subject in the case of Subordinated Notes to obtaining any consent required by the CBN) redeem all outstanding Notes of the relevant Series in accordance with the Conditions, subject to certain limitations specified in the Conditions. See "*Terms and Conditions of the Notes*—Condition 7(b)

(*Redemption and Purchase—Redemption for tax reasons*)", "*Terms and Conditions of the Notes*—Condition 8 (*Taxation*)" and "*Taxation*".

Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act

Pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (commonly known as "**FATCA**"), a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. Certain aspects of the application of the FATCA provisions to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Such withholding is generally not required on payments made before the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. Even if withholding would be required pursuant to FATCA with respect to payments on instruments such as the Notes, such withholding would not apply to Notes treated as debt for U.S. federal income tax purposes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register. Such Notes generally would be "grandfathered" for the purposes of FATCA withholding unless the Notes are materially modified after such date (including by reason of a substitution of the Issuer). Noteholders should consult their own tax advisers with regard to how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA with respect to payments on the Notes, no person will be required to pay additional amounts on the Notes as a result of such withholding.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features:

Notes subject to optional redemption by the Bank

If the "Issuer Call" is specified in the relevant Final Terms or Drawdown Prospectus, the Notes of that Series may be redeemed by the Bank in accordance with Condition 7(c) (*Redemption at the option of the Issuer (Issuer Call)*). In addition, if the "Capital Disqualification Event Call" is specified in the relevant Final Terms or Drawdown Prospectus in respect of any Subordinated Notes, the Bank may redeem such Notes in the circumstances and subject to the conditions described in Condition 7(d) (*Early Redemption of Subordinated Notes at the Option of the Issuer following a Capital Disqualification Event*). Such optional redemption features are likely to limit the Notes' market value. During any period when the Bank may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Bank may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Notes issued at a substantial discount or premium

The market price of Notes issued at a substantial discount or premium from their principal amount will tend to fluctuate more in relation to general changes in interest rates than do prices for Notes issued at a price closer to par. Generally, the longer the remaining term of the Notes, the greater the price volatility will be as compared to Notes issued closer to par.

Reset Notes

Reset Notes will initially bear interest at the relevant Initial Rate of Interest until (but excluding) the relevant First Reset Date. On the relevant First Reset Date, the relevant Second Reset Date (if applicable) and each relevant Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the relevant Mid-Swap Rate and the relevant First Reset Margin or Subsequent Reset Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**Subsequent Reset Rate of Interest**"). The Subsequent Reset Rate of Interest for any relevant Reset Period could be less than the relevant Initial Rate of Interest or the relevant Subsequent Reset Rate of Interest for prior Reset Periods, which could affect the market value of an investment in the relevant Reset Notes.

The regulation and reform of "benchmarks" may adversely affect the value of any Notes linked to such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" (such as, in the case of Floating Rate Notes, a Reference Rate or, in the case of Reset Notes, a Mid-Swap Rate), are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark".

Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union. The EU Benchmarks Regulation applies to "contributors", "administrators" and "users" of "benchmarks" in the European Union. Amongst other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-European Union based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by European Union supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-European Union based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation, amongst other things, applies to the provision of benchmarks and the use of a benchmark in the United Kingdom. Similarly, it prohibits the use in the United Kingdom by United Kingdom supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if not based in the United Kingdom, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, amongst other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the ongoing national or international reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, or referencing, or otherwise dependent (in whole or in part) upon, a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

Further discontinuance of certain benchmark rates (for example, LIBOR or EURIBOR) may adversely affect the value of Floating Rate Notes and/or Reset Notes which are linked to or which reference any such benchmark rate

The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. On 5 March 2021, ICE Benchmark Administration Limited ("**IBA**"), the administrator of LIBOR, published a statement confirming its intention to cease publication of all LIBOR settings, together with the dates on which this will occur, subject to the FCA exercising its powers to require IBA to continue publishing such LIBOR settings using a changed methodology (the "**IBA announcement**"). Concurrently, the FCA published a statement on the future cessation and loss of representativeness of all LIBOR currencies and tenors, following the dates on which IBA has indicated it will cease publication (the "**FCA announcement**"). Permanent cessation will occur immediately after 31 December 2021 for all Euro and Swiss Franc LIBOR tenors and certain Sterling, Japanese Yen and U.S. Dollar LIBOR settings and immediately after 30 June 2023 for certain other U.S. Dollar LIBOR settings. In relation to the remaining LIBOR settings (1-month, 3-month and 6-month Sterling, U.S. Dollar and Japanese Yen LIBOR settings), the FCA will consult on, or continue to consider the case for, using its powers to require IBA to continue their publication under a changed methodology for a further period after end-2021 (end-June 2023 in the case of U.S. Dollar LIBOR). The FCA announcement states that consequently, these LIBOR settings will no longer be representative of the underlying market that such settings are intended to measure immediately after 31 December 2021, in the case of the Sterling and Japanese Yen LIBOR settings and immediately after 30 June 2023, in the case of the U.S. Dollar LIBOR settings. Any continued publication of the Japanese Yen LIBOR settings will also cease permanently at the end of 2022. This may cause LIBOR to perform differently than it did in the past and may have other consequences that cannot be predicted.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 25 November 2020, the euro risk-free rate working group published consultations on EURIBOR fallback trigger events and fallback rates. The final recommendations were published in May 2021.

Investors should be aware that, if a benchmark rate were discontinued or otherwise unavailable, subject to the paragraphs that follow, the rate of interest on Reset Notes and Floating Rate Notes which are linked to or which reference such benchmark rate will be determined for the relevant period by the fallback provisions applicable to such Notes. The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR or EURIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable.

Reference Rate Replacement – Independent Adviser: if (i) in the case of Floating Rate Notes, Reference Rate Replacement is specified in the relevant Final Terms or Drawdown Prospectus (as the case may be) as being applicable and Screen Rate Determination is specified in the relevant Final Terms or Drawdown Prospectus (as the case may be) as the manner in which the rate of interest is to be determined or (ii) in the case of Reset Notes, Mid-Swap Rate is specified in the relevant Final Terms or Drawdown Prospectus (as the case may be) (any such Notes "**Relevant Notes**") and, in either case, a Benchmark Event occurs in relation to the Relevant Notes, such fallback arrangements will include the possibility that the relevant rate of interest (or, as applicable, component thereof) could be set or, as the case may be, determined by reference to a Successor Reference Rate or, failing which, an Alternative Reference Rate and, in each case, an Adjustment Spread determined by the Issuer, following consultation with an Independent Adviser. If the Issuer is unable to appoint an Independent Adviser or, following consultation with an Independent Adviser so appointed, the Issuer fails to make such determination, the Issuer may make such determination, in any such case, acting in good faith and in a commercially reasonable manner as described more fully in the Terms and Conditions of the Relevant Notes.

In addition, the Issuer, following consultation with the relevant Independent Adviser (if applicable) may also in its discretion specify (acting in good faith and in a commercially reasonable manner) that other amendments to the Terms and Conditions of the Notes are necessary in order to follow market practice in relation to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, the Adjustment Spread and to ensure the proper operation and comparability to the Original Reference Rate of the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, the Adjustment Spread.

Reference Rate Replacement – General: No consent of the Noteholders shall be required in connection with (where Condition 5(c)(vii) applies) effecting any relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or any other related adjustments and/or amendments described above.

In certain circumstances, the ultimate fallback of interest for a particular Interest Period or Reset Interest Period (as applicable) may result in the rate of interest for the last preceding Interest Period or Reset Interest Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Reset Notes (as applicable) based on the rate which was last observed on the Relevant Screen

Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or Reset Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes or Reset Notes. Investors should note that, in the case of Relevant Notes, the Issuer, following consultation with the relevant Independent Adviser (if applicable), will have discretion to adjust the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or, as the case may be, the Original Reference Rate in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, any such adjustment will be favourable to each Noteholder. There can be no assurance that Adjustment Spread so determined will be viewed by the market as eliminating economic prejudice or benefit to the relevant Noteholders. While, in certain circumstances, the aim of the adjustment spread may be to eliminate economic prejudice or benefit, it may not be successful in doing so and the Notes may still perform differently than if they had continued to refer to the Original Reference Rate.

In addition, potential investors should also note that, where Condition 5(c)(vii) applies, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Relevant Notes as, in the case of Subordinated Notes, Tier 2 Capital of the Issuer.

In all such circumstances, the ultimate fallback for determining the rate of interest (which is described above) will apply. Investors should consider all of these matters when making their investment decision with respect to the relevant Floating Rate Notes or Reset Notes.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matters relating to the Notes including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. An Extraordinary Resolution may also be approved by means of a resolution in writing or by electronic consents communicated through the electronic communications systems of the relevant clearing system(s). These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting, sign a relevant resolution in writing or provide such an electronic consent, as well as Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders: (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes; (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such; or (iii) agree with the Bank to the substitution in place of the Bank (or of any previous substitute) as the principal debtor under the Notes, the Coupons and the Trust Deed of any of the Bank's Subsidiaries or the Bank's successor in business (subject to the relevant conditions set out in the Trust Deed being complied with).

Bearer Notes where denominations involve integral multiples: definitive Bearer Notes

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such holding (should definitive

Bearer Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks Related to the Subordinated Notes

An investor in the Notes assumes an enhanced risk of loss in the event of a Subordination Event

The obligations of the Bank under Subordinated Notes will be unsecured and subordinated. On any distribution of the assets of the Bank on its dissolution, winding-up or liquidation whether in bankruptcy, insolvency, receivership, voluntary or mandatory reorganisation of indebtedness or any analogous proceedings (a "**Subordination Event**") (as further described in "*Terms and Conditions of the Notes*" below), and for so long as such Subordination Event subsists, the Bank's obligations under Subordinated Notes will rank subordinate in right of payment to the payment of all Senior Obligations (as defined in "*Terms and Conditions of the Notes*" below) and no amount will be paid by the Bank in respect of its obligations under any Subordinated Notes until all such Senior Obligations have been paid in full. Unless, therefore, the Group has assets remaining after making all such payments, no payments will be made on any Subordinated Notes and any such payments that are made will be made *pari passu* with any payments made by the Bank in respect of any other obligations it may have under any Parity Obligations (as defined in "*Terms and Conditions of the Notes*" below). Consequently, although the Notes may pay a higher return than comparable instruments relating to unsubordinated obligations, there is an enhanced risk that an investor in the Notes will lose all or some of its investment on the occurrence of a Subordination Event.

No limitation on incurrence of Senior Obligations or Parity Obligations

There is no restriction on the amount of Senior Obligations or Parity Obligations that the Bank may incur. The incurrence of any such obligations may reduce the amount recoverable by holders of Subordinated Notes on any dissolution, winding-up or liquidation of the Bank. Accordingly, on such dissolution, winding-up or liquidation, there may not be sufficient amounts to satisfy the amounts owing to Noteholders in respect of the obligations of the Bank under any Subordinated Notes and this may result in an investor in the Notes losing all or some of its investment.

Subordinated Notes may be subject to early redemption

Subordinated Notes may be subject to early redemption as provided in the terms and conditions of the Notes. The Bank may redeem all, but not a part only, of a series of Subordinated Notes prior to the Maturity Date: (a) at its outstanding principal amount, subject to having obtained the prior approval of the CBN (if required, pursuant to Applicable Banking Regulations (as defined in "*Terms and Conditions of the Notes*" below)), on the Optional Redemption Date (as defined in "*Terms and Conditions of the Notes*" below); (b) at its outstanding principal amount, subject to having obtained the prior approval of the CBN (if required pursuant to Applicable Banking Regulations), if a Capital Disqualification Event (as defined in "*Terms and Conditions of the Notes*" below) occurs; and (c) at their outstanding principal amount, subject to having obtained the prior approval of the CBN (if required), if the Bank is obliged to pay additional amounts on account of any Nigerian taxes in respect of payments under the relevant Subordinated Notes coming into effect after the date of the relevant Subordinated Notes issue, in each case together with accrued and unpaid interest to the date of redemption and any additional amounts in respect thereof. See "*Terms and Conditions of the Notes*—Condition 7 (*Redemption and Purchase*)". This early redemption feature is likely to limit the market value of the Notes, as the market value of the Notes is unlikely to rise substantially above the price at which they can be redeemed during any period when such rights are exercisable. This may also be true prior to such period.

The Bank may be expected to exercise its rights in respect of any early redemption of Subordinated Notes on a date when its funding costs are lower than the Rate of Interest payable in respect of such Subordinated Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective rate as high as the interest rate on the relevant Subordinated Notes and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other instruments that may be available at the time.

Depending on prevailing market conditions on any redemption of the relevant Subordinated Notes upon the occurrence of a tax event (as outlined in (c) above) or a Capital Disqualification Event and subsequent redemption of such Subordinated Notes, an investor may similarly not be able to reinvest the redemption proceeds in a comparable security in respect of which interest is payable at an equivalent rate to that of the interest rate then payable in respect of such Subordinated Notes.

As with the optional repayment feature of Subordinated Notes referred to above, it may not be possible for Noteholders to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and this may only be possible at a significantly lower rate. See also "*Terms and Conditions of the Notes*".

Limited remedies for non-payment when due or enforcement of any other obligations

There are limited remedies under Subordinated Notes upon the occurrence of an Event of Default (including non-payment in respect of principal and interest), a Subordination Event or otherwise on the winding-up, dissolution or liquidation of the Bank, all as described in Condition 10 (*Events of Default and Enforcement*) (and which Events of Default, for the avoidance of doubt, do not include a breach of any of the covenants set out in Condition 4 (*Covenants*)). Subject as provided in Condition 10 (*Events of Default and Enforcement*), the Trustee may then institute, or claim or prove in, as applicable, the winding-up, dissolution or liquidation of the Bank for and on behalf of Noteholders in respect of the resulting amounts due and payable by the Bank under Subordinated Notes. There is otherwise no ability to accelerate payment of any amounts payable by the Bank under Subordinated Notes.

Except as otherwise expressly provided in the Conditions and in the Trust Deed, no proprietary or other direct interest in the Bank's rights under or in respect of Subordinated Notes exists for the benefit of the Noteholders.

In addition, Noteholders should be aware that the Trustee does not accept any responsibility for the performance by the Bank of its obligations under any Subordinated Notes. The Trustee shall not be required to monitor the Bank's financial performance or status or to enter into proceedings to enforce payment under Subordinated Notes unless it has been indemnified and/or secured by the Noteholders to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

Payments of principal and/or interest and/or other amounts (if any) by the Bank under any Subordinated Notes to, or to the order of, the Trustee or the Principal Paying Agent will satisfy the Bank's obligations in respect of such Subordinated Notes. Consequently, Noteholders will have no further recourse against the Bank after such payment is made.

Subordinated Notes may in the future be subject to write down or other loss absorption mechanisms when Basel III is implemented in Nigeria

The package of new capital and liquidity requirements reflected in Basel III sets out guidance from the Basel Committee on the eligibility criteria for capital instruments under Basel III. This guidance includes minimum requirements to ensure loss absorption at the point of non-viability for internationally active banks (including write down or conversion into equity of such instruments). On 2 September 2021, the CBN released guidelines on the implementation of Basel III amongst deposit money banks in Nigeria stating that the implementation of the guidelines will commence with a parallel run effective from November 2021 for an initial six (6) months, which may be extended by another three (3) months subject to the milestones achieved in the supervisory expectations.

The terms of any Subordinated Notes may contain provisions in the nature of the proposed loss absorption requirements under Basel III. However, if any such requirements are implemented retrospectively in Nigeria so as to apply to any Subordinated Notes, then either (a) such Subordinated Notes may become subject to loss absorption on a statutory basis at the point of the Bank's non-viability, which could result in Subordinated Noteholders losing some or all of their investment or (b) the Bank's ability to include such Subordinated Notes in its capital calculations may be prohibited or limited. The implementation of any such loss absorption requirements or any suggestion of such implementation could also materially adversely affect the value of any Subordinated Notes.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes issued under the Programme may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severe adverse effect on the market value of Notes.

Exchange rate risks

The Bank will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to depreciation or devaluation of the Specified Currency or, conversely, appreciation or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. In addition, such risks generally depend on economic and political events over which the Bank has no control. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (a) the Investor's Currency equivalent yield on the Notes; (b) the Investor's Currency equivalent value of the principal payable on the Notes; and (c) the Investor's Currency equivalent market value of the Notes.

Exchange controls

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of principal or interest on a Note. As a result, investors may receive less principal or interest than expected, or no principal or interest. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Note not denominated in U.S. dollars would not be available at such Note's maturity.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

In addition, a holder of securities with a fixed interest rate that will be periodically reset during the term of the relevant securities, such as Reset Notes, is also exposed to the risk of fluctuating interest rate levels and uncertain interest income.

Credit ratings may not reflect all risks and any downgrading of Nigeria's debt rating by an international rating agency could have a negative impact on the Group's business and the trading price of the Notes

Changes (or anticipated changes) in the Bank's credit ratings will generally affect the market value of the Notes. A downgrade in the Nigeria sovereign credit rating could also result in a downgrade of the Bank's credit ratings, including credit ratings to the Notes. See "*Risks related to the Group—The majority of the Group's operations and assets are based in Nigeria; a slowdown in economic growth in Nigeria could materially and adversely affect the Group's businesses*. As of the date of this Base Prospectus, Nigeria's sovereign rating was B2 with a negative outlook (Moody's), B with a stable outlook (Fitch) and B- with a stable outlook (S&P). These ratings reflect an assessment of the Federal Government of Nigeria's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. Any adverse revisions to Nigeria's credit ratings for domestic and international debt by international rating agencies may adversely affect the liquidity of the Nigerian financial markets, the ability of the Nigerian Government and Nigerian companies, including the Bank, to raise additional financing, and the terms on which the Group is able to raise new financing or refinance any existing indebtedness. This could have an adverse effect on the Group's business, results of operation, financial condition and/or prospects. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Base Prospectus, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

The market price of the Notes may be volatile

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Bank's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Bank operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors, including the trading market for notes issued by or on behalf of Nigeria as a sovereign borrower. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Bank's results of operations, prospects or financial condition. Factors including increased competition, fluctuations in the Group's operating results, the regulatory environment, availability of reserves, general market conditions, natural disasters and armed conflict may have an adverse effect on the market price of the Notes.

It may be difficult to effect service of legal process and enforce judgments obtained in Nigeria against the Group and its management

The Bank is a company incorporated under the laws of Nigeria and substantially all of its businesses, assets and operations are located in Nigeria. In addition, a substantial majority of its directors and executive officers reside in Nigeria and substantially all of their assets are located in Nigeria. As a result, it may not be possible to effect service of process in the United States or elsewhere outside Nigeria upon the Bank or such directors or executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Moreover, Nigeria does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States and many other countries. As a result, recognition and enforcement in Nigeria of judgments of a court in the United States or in any of such other countries in relation to any matter may be difficult. See "*Service of Process and Enforcement of Civil Liabilities*".

Investors are relying solely on the creditworthiness of the Bank

Senior Notes issued under the Programme will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 4(a) (*Covenants—Negative Pledge*), unsecured obligations of the Bank and will rank *pari passu* amongst themselves and at least *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations of the Bank, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. If a prospective investor purchases such Notes, it is relying on the creditworthiness of the Bank and no other person. In addition, an investment in such Notes involves the risk that subsequent changes in the actual or perceived creditworthiness of the Bank may adversely affect the market value of such Notes.

Return on an investment in Notes will be affected by charges incurred by investors

An investor's total return on an investment in any Notes will be affected by the level of fees charged by an agent, nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest and principal. Potential investors are, therefore, advised to investigate the basis on which any such fees will be charged on the relevant Notes.

Tax consequences of holding the Notes

Potential investors should consider the tax consequences of investing in the Notes and consult their tax advisers about their own tax situation.

Nigerian bankruptcy laws

Although Nigerian bankruptcy laws generally apply to individuals and not corporate entities, the CAMA makes provision for these laws to apply in the winding-up of an insolvent company with regard to the rights of secured and unsecured creditors.

Under Nigerian law, when a bank is unable to meet its obligations or suspends payment, the assets of the bank shall be available to first meet all of the bank's deposit liabilities prior to the payment of any other liabilities of the bank (including secured and statutorily preferred creditors and other senior creditors). In addition, by virtue of Nigerian company law, upon the insolvency of a bank (as is the case with any other company and following the settlement of all deposit liabilities) statutory preferred creditors (for example, creditors in relation to tax, provident funds, salaries and other staff remuneration), as well as secured creditors. shall rank in priority to unsecured creditors. Senior unsecured creditors for the purposes of distributions upon insolvency rank *pari passu* with each other and subordinated creditors rank in accordance with the terms of their subordination. Additionally, the liquidator of an insolvent company has the power to disclaim onerous contracts. For instance, in accordance with general common law bankruptcy rules and Section 658 of CAMA, any transaction embarked upon by a company within three months prior to the winding up of the company will be deemed fraudulent and invalid, if such transaction is entered into with the purpose of giving the counterparty to the transaction a preference over other creditors of the company.

Generally, the winding up or liquidation of banks in Nigeria entails the active intervention and supervision by the CBN and the NDIC, under enabling statutory provisions. Additionally, with a view to ensuring that all creditors and depositors of insolvent banks are adequately protected, there are special provisions of banking statutes which make banking insolvency a highly regulated matter. Banks are required to maintain deposit insurance with the NDIC, which is empowered to administer the deposit insurance system in Nigeria. The NDIC is also responsible for liquidating the assets of banks.

In the event of the insolvency of the Bank, the claims of holders of the Senior Notes shall rank *pari passu* with the claims of the Bank's other unsecured and unsubordinated creditors, after the Bank's depositors, statutorily recognised preferential creditors and secured creditors have been paid, and the claims of the holders of the Subordinated Notes shall rank *pari passu* with the claims of the Bank's other subordinated creditors that rank, or are expressed to rank, *pari passu* with the Bank's obligations under the Subordinated Notes and after the Bank's depositors, statutorily recognised preferential creditors, secured creditors and other senior creditors have been paid in full.

Enforcement of the obligations of the Bank under the Trust Deed and the Notes may be subject to the payment of Nigerian stamp duty

Section 102 of the Stamp Duties Act Chapter S8 LFN 2004 (as amended by the Finance Acts of 2019 and 2020) (the "**Stamp Duties Act**") requires a statement of the amount to be secured by an issue of loan capital by a company in Nigeria to be delivered to the Nigerian CAC and charged with *ad valorem* duty of 0.125%. However, this duty will not apply where it is shown to the satisfaction of the Nigerian CAC that the duty in respect of a marketable security has been paid on any trust deed. Whilst the application of Section 102 previously only extended to secured loans, the FIRS recently indicated that the section may now also apply to unsecured loan capital, which could be construed to include debt securities such as the Notes. In addition, stamp duty is payable in Nigeria either at a flat rate or an *ad valorem* basis in respect of security documents securing payment or repayment of money, and calculated based on the value of the underlying transaction.

The failure to stamp a document does not affect the validity of such document but it would render it inadmissible in any civil or arbitration proceedings in Nigeria for the purpose of enforcement. In common with other such financing transactions, the Issuer has not and does not intend to make any payments in respect of any duties unless and until required to do so.

While such duties apply to documents brought into Nigeria, the combined effect of the Finance Acts of 2019 and 2020 as well as the FIRS Information Circular on the Clarifications on the Provisions of the Stamp Duties Act, means that any document executed outside Nigeria will be deemed to be received in Nigeria (and hence liable to stamping and stamp duty as stated above) if: (a) such document is retrieved or accessed electronically in or from Nigeria; (b) such document (or an electronic copy of it) is stored on a device (including a computer, magnetic storage, etc.) and brought into Nigeria; or (c) such document (or an electronic copy of it) is stored on a device or computer in Nigeria.

Notwithstanding that the Issuer has covenanted to pay any such duties in the Trust Deed (a failure to do so in the prescribed time triggering a potential default under Condition 10.1(ii)), the Trustee is not bound to take any proceedings for the enforcement of the Trust Deed, the Notes or the Coupons unless, amongst other things, it shall have been indemnified and/or secured to its satisfaction, which may include the prior payment of such stamp duty to the Trustee, which if levied on an *ad valorem* basis, could be a substantial amount and which could delay enforcement proceedings. See "*Taxation—Nigeria—Stamp Duties*".

Adverse tax consequences of a substitution of the Issuer

The terms of the Notes provide that, in certain circumstances, the obligations of the Issuer under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder (as defined in "*Taxation—United States*") in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could suffer adverse tax consequences (see "*Taxation—United States*"). Adverse tax consequences for holders in other jurisdictions may result in the event of a change in the obligor with respect to the Notes. Prospective investors should consult their tax advisers concerning the tax consequences to them of a change in obligor with respect to the Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (a) Notes are legal investments for it; (b) Notes can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks relating to disruptions in the global credit markets and economy

Global financial markets continue to be subject to periods of volatility which may impact the Group's ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. Challenging market conditions have resulted in greater volatility but also in reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Group.

The impact of these conditions could be detrimental to the Group and could adversely affect its business, results of operations, financial condition and/or prospects; its solvency and the solvency of its counterparties and customers; the value and liquidity of its assets and liabilities; the value and liquidity of the Notes and/or the ability of the Bank to meet its obligations under the Notes and under its debt obligations more generally.

The Notes may be negatively affected by events in other emerging markets, including those in sub-Saharan Africa

Economic distress in any emerging market country may adversely affect prices of securities and the level of investment in other emerging market issuers as investors move their money to more stable, developed markets. The market price of the Notes is influenced by economic and market conditions in Nigeria and, to a varying degree, may also be influenced by economic and market conditions in other African and emerging markets generally. Financial problems or an increase in the perceived risks associated with investing in emerging market economies could dampen foreign investment in Nigeria, adversely affect the Nigerian economy or adversely affect the trading price of the Notes. Even if the Nigerian economy remains relatively stable and currently relies less on external debt financing than some emerging market issuers, economic distress in other emerging market countries could adversely affect the trading price of the Notes and the availability of foreign funding sources for the Federal Government or private sector borrowers.

Adverse developments in other countries in sub-Saharan Africa, in particular, may have a negative impact on Nigeria if investors perceive risk that such developments will adversely affect Nigeria or that similar adverse developments may occur in Nigeria. Risks associated with sub-Saharan Africa include political uncertainty, civil unrest and conflict, corruption, the outbreak of disease and poor infrastructure. Investors' perceptions of certain risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Nigeria, including elements of the information provided in this Base Prospectus.

In view of the fact that the Global Notes are held by or on behalf of DTC, Euroclear and/or Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Bank

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with (i) (in the case of Bearer Notes) a common depositary for Euroclear and Clearstream, Luxembourg or (ii) (in the case of Registered Notes) either (a) a custodian for, and registered in the name of a nominee of, DTC or (b) a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive notes. DTC, Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through DTC, Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes, the Bank will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system to receive payments under the relevant Notes. The Bank shall have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system to appoint appropriate proxies.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.

The Bank's long-term foreign currency issuer default ratings are B-, B and B2 by S&P, Fitch and Moody's respectively. Each of S&P, Fitch and Moody's are not established or registered in the United Kingdom under the UK CRA Regulation but credit ratings issued by S&P have been endorsed by S&P Global Ratings UK Limited, credit ratings issued by Fitch have been endorsed by Fitch Ratings Ltd and credit ratings issued by Moody’s have been endorsed by Moody’s Investors Service Limited, each of which is an entity established in the United Kingdom and included in the list of registered credit rating agencies published by the FCA on its website (https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras) in accordance with the UK CRA Regulation. The list of registered and certified rating agencies published by FCA on its website is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated FCA list. In addition, S&P, Moody's, Fitch's and/or other independent credit rating agencies may assign credit ratings to the Notes. Any rating is not a recommendation to purchase, sell or hold any particular security, including the Notes. These ratings are limited in scope and do not comment as to market price or suitability for a particular investor. In addition, ratings at any time may be lowered or withdrawn in their entirety. Actual or anticipated changes or downgrades in the Issuer's credit ratings, including any announcement that the Issuer's ratings are under further review for a downgrade, could affect the market value of the Notes and increase the Issuer's borrowing costs.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. UK regulated investors are restricted under the UK CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the UK and registered under the UK CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-UK credit rating agencies, unless the relevant credit ratings are endorsed by a UK-registered credit rating agency or the relevant non-UK rating agency is certified in accordance with the UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Certain information with respect to the credit rating agencies and ratings is set out in this Base Prospectus.

European regulated investors are restricted under Regulation (EU) No 1060/2009 (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-E.U. credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Certain information with respect to the credit rating agencies and ratings is set out in this Base Prospectus.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme, the Issuer has included in this Base Prospectus all of the necessary information, except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purpose of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in this Base Prospectus as completed to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus.

SUPPLEMENTS

Following the publication of this Base Prospectus, a supplement may be prepared by the Bank and approved by the FCA in accordance with the UK Prospectus Regulation. Statements contained in any such supplement shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Bank will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus for use in connection with any subsequent issue of Notes.

INFORMATION INCORPORATED BY REFERENCE

The terms and conditions set out on pages 54 to 99 of the base prospectus dated 23 September 2016 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2016 Conditions**") and terms and conditions set out on pages 46 to 82 of the base prospectus dated 3 June 2014 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2014 Conditions**") have been previously published, have been filed with the FCA and shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus.

The non-incorporated parts of the base prospectus referred to above are not relevant for the investor or are covered elsewhere in this Base Prospectus.

The 2014 Conditions can be viewed at:
http://www.ise.ie/debt_documents/Base%20Prospectus_c0d06adc-e065-4308-8a71-77e6bec41623.PDF

The 2016 Conditions can be viewed at:
http://www.ise.ie/debt_documents/Base%20Prospectus_9d4d68e5-d9c6-483e-91d9-1710341457f0.PDF

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The relevant Final Terms (or the relevant provisions thereof) or the relevant provisions of the Drawdown Prospectus will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Final Terms" for a description of the content of the Final Terms.

This Note is one of a Series (as defined below) of Notes issued by Access Bank Plc (the "**Issuer**") constituted by an amended and restated trust deed (as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 13 September 2021 made between the Issuer and Citibank N.A., London Branch as trustee (the "**Trustee**", which expression shall include any successor trustee).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency;

(ii) any Global Note;

(iii) any definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form; and

(iv) any definitive Notes in registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 13 September 2021 and made between the Issuer, the Trustee, Citibank N.A., London Branch as issuing and principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), Citibank N.A., London Branch as exchange agent (the "**Exchange Agent**", which expression shall include any successor exchange agent) and Citibank Europe Plc as registrar (the "**Registrar**" and which expression shall include any successor registrar) and a transfer agent, together with the other transfer agents named therein and together with the Registrar, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents).

Interest-bearing definitive Bearer Notes have interest coupons ("**Coupons**") and, if indicated in the relevant Final Terms or the relevant Drawdown Prospectus, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

Each Tranche of Notes is the subject either of a final terms (the "**Final Terms**") which complete these Terms and Conditions (the "**Conditions**") or a drawdown prospectus (the "**Drawdown Prospectus**") which supplements, amends and/or replaces these Conditions for the purpose of that Tranche of Notes only. References to:

(a) the "**relevant Final Terms**" are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Note; and

(b) the "relevant Drawdown Prospectus" are to the Drawdown Prospectus (or the relevant provisions thereof) attached or endorsed on this Note.

The Trustee acts for the benefit of the Noteholders (which expression shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the several persons whose names are entered in the register of holders of the Registered Notes as the holders thereof and shall, in relation to any Notes represented by a Global Note, be construed as provided in Condition 1 (*Form, Denomination and*

Title)), and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are:

(a) expressed to be consolidated and form a single series; and

(b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement (i) are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the "**Agents**"), or (ii) may be provided by email to a Noteholder following their prior written request to any Paying and Transfer Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying and Transfer Agent). If the Notes are to be admitted to trading on the main market of the London Stock Exchange, copies of the applicable Final Terms or the relevant Drawdown Prospectus (as the case may be) will be published on the website of the London Stock Exchange through a regulatory information service, or otherwise (i) are available for viewing at the registered office of the Issuer and of the Principal Paying Agent, or (ii) may be provided by email to a Noteholder following their prior written request to any Paying and Transfer Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying and Transfer Agent). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and *provided that*, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) will prevail.

1. **Form, Denomination and Title**

1.1 The Notes are in bearer form or in registered form as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

1.2 This Note may be a Fixed Rate Note, a Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).

1.3 This Note may also be a Senior Note or a Subordinated Note, as indicated in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).

1.4 Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes, in which case references to Coupons and Couponholders in the Conditions are not applicable.

1.5 Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and any Agent will (except as otherwise required by law and the Trust Deed) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the immediately succeeding paragraph.

1.6 For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

1.7 For so long as the Depository Trust Company ("**DTC**") or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Trust Deed and the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

1.8 In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

1.9 Notes which are represented by a Registered Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

2. Transfers of Registered Notes

(a) Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the Specified Denominations set out in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) *Transfers of Registered Notes in definitive form*

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the Specified Denominations set out in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)). In order to effect any such transfer:

(i) the holder or holders must:

(A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or its or their attorney or attorneys duly authorised in writing; and

(B) complete and deposit such other certifications as may be required by the relevant Transfer Agent; and

(ii) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor. The transfer of part of a Registered Note is not permitted if the principal amount of the balance of the Registered Note is not a Specified Denomination. No holder may require a transfer of a Registered Note in definitive form to be registered during the period of 15 calendar days ending on the due date for any payment of principal or interest in respect of such Note.

(c) *Registration of transfer upon partial redemption*

In the event of a partial redemption of Notes under Condition 7 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) *Costs of registration*

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) *Transfers of interests in Regulation S Global Notes*

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a "**Transfer Certificate**"), copies of which are available from the specified office of any

Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:

(A) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(B) to a person who is an Institutional Accredited Investor,

together with, in the case of (B), a duly executed investment letter from the relevant transferee substantially in the form set out in the Agency Agreement (an "**IAI Investment Letter**"); or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (B) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period, (i) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) *Transfers of interests in Legended Notes*

Transfers of Legended Notes or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

(ii) to a transferee who takes delivery of such interest through a Legended Note:

(A) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(B) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non U.S. investors through DTC, Euroclear or Clearstream, Luxembourg, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the legend, the Registrar shall deliver only Legended Notes or refuse to remove the legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) *Exchanges and transfers of Registered Notes generally*

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

(h) *Definitions*

In this Condition 2, the following expressions shall have the following meanings:

"**Distribution Compliance Period**" means the period that ends 40 days after the completion of the distribution of each Tranche of Notes;

"**Institutional Accredited Investor**" means 'accredited investors' (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions;

"**Legended Note**" means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

"**QIB**" means a qualified institutional buyer within the meaning of Rule 144A;

"**Regulation S**" means Regulation S under the Securities Act;

"**Regulation S Global Note**" means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

"**Rule 144A**" means Rule 144A under the Securities Act;

"**Rule 144A Global Note**" means a Registered Global Note representing Notes sold in the United States or to QIBs; and

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

3. **Status of the Notes**

(a) *Status of the Senior Notes*

The Senior Notes and any related Coupons are direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 4(a) (*Covenants – Negative Pledge*)) unsecured obligations of the Issuer and (subject as stated above) rank and will at all times rank *pari passu,* among themselves and at least *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Status of the Subordinated Notes*

(i) The Issuer's payment obligations under the Subordinated Notes and any related Coupons will constitute direct, unsecured and subordinated obligations of the Issuer and shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank:

(A) subordinate in right of payment to the payment of all Senior Obligations;

(B) *pari passu* without any preference among Notes of the same Series;

(C) *pari passu* in right of payment with holders of all present or future outstanding Parity Obligations;

(D) in priority to all payments in respect of Junior Obligations; and

(E) junior in right of payment to all present or future claims of (1) creditors of the Issuer entitled to preference under Nigerian law, (2) depositors of the Issuer, and (3) subordinated creditors of the Issuer whose right of payment ranks, or is expressed to rank, senior to the right of payment of the holders of the Notes of such Series.

(ii) By virtue of such subordination as described herein, no amount will, in the case of a Subordination Event and for so long as that Subordination Event subsists, be paid under any Subordinated Notes until all payment obligations in respect of Senior Obligations have been satisfied. The Subordinated Notes do not limit the amount of Senior Obligations of the Issuer that may exist at any time.

(iii) The Subordinated Notes are not secured by any security.

(iv) Subject to applicable law, all payment obligations of, and payments made by, the Issuer under the Subordinated Notes must be determined and made without reference to any right of set-off or counterclaim of the Noteholders or Couponholders whether arising before or in respect of any Subordination Event and the Noteholders or Couponholders shall not exercise any right of set-off or counterclaim in respect of any amount owed to the Noteholders or Couponholders by the Issuer hereunder and any such rights shall be deemed to be waived.

(c) *Definitions*

In these Conditions, the following expressions shall have the following meanings:

"**Junior Obligations**" means any class of share capital (including ordinary and preferred shares) of the Issuer together with any present and future undated or perpetual subordinated indebtedness or other payment obligations of the Issuer that rank, or are expressed to rank, junior to the Issuer's obligations under the Subordinated Notes;

"**Parity Obligations**" means any securities or other instruments issued by the Issuer or other payment obligations of the Issuer that rank, or are expressed to rank, *pari passu* with the Issuer's obligations under the Subordinated Notes;

"**Senior Obligations**" means any of the Issuer's present and future indebtedness and other obligations including, without limitation:

(a) obligations to depositors and trade creditors and obligations for taxes;

(b) statutory preferences and other legally-required payments; and

(c) obligations under hedging and other financial instruments, other than its obligations under:

(i) the Subordinated Notes;

(ii) any Parity Obligations; and

(iii) any Junior Obligations; and

"**Subordination Event**" means any distribution of the assets of the Issuer on a dissolution, winding-up or liquidation of the Issuer, whether in bankruptcy, insolvency, receivership, voluntary or mandatory reorganisation of indebtedness or any analogous proceedings.

4. **Covenants**

This Condition 4 applies to Senior Notes and, where and to the extent specified as applicable in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), Subordinated Notes.

For so long as any of the Notes remain outstanding (as defined in the Trust Deed), the Issuer undertakes to comply with each of the following covenants.

(a) *Negative Pledge*

The Issuer shall not, and the Issuer will not permit any of its Material Subsidiaries to, directly or indirectly create or have outstanding any mortgage, charge, lien, pledge, encumbrance or other security interest (each a "**Security Interest**"), other than Permitted Security Interests (as defined below), upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Indebtedness (as defined below), unless, at the same time or prior thereto, the Issuer's obligations under the Notes and the Trust Deed:

(i) are secured by the Security Interest equally and rateably with the Indebtedness to the satisfaction of the Trustee; or

(ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either:

(A) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders; or

(B) as is approved by (1) an Extraordinary Resolution (as defined in the Trust Deed) at a meeting of the Noteholders duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-quarters of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three-quarters of the votes cast on such poll, (2) by a Written Resolution (as defined in the Trust Deed), of the Noteholder, or (3) by an Electronic Consent (as defined in the Trust Deed) of the Noteholders.

(b) *Restricted Payments*

The Issuer shall not, and shall ensure that each of its Subsidiaries shall not, directly or indirectly:

(i) declare or pay any dividend, in cash or otherwise, or make any other distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital (other than a dividend or other distribution payable to the Issuer or a Subsidiary of the Issuer); or

(ii) voluntarily purchase, redeem or otherwise retire for value any debt (including any form of capital instrument) of the Issuer subordinated by its terms to the obligations of the Issuer under the Notes

(any such action, a "**Restricted Payment**"), if such Restricted Payments when aggregated with all other Restricted Payments previously made in respect of the relevant financial year of the Issuer exceed 75.0 per cent. of the Group's consolidated profit after tax and extraordinary activities for such financial year, determined by reference to the Group's audited consolidated financial statements prepared under IFRS for such financial year.

(c) *Capital Adequacy*

The Issuer shall:

(i) not permit:

(A) its total capital adequacy ratio to fall below the minimum total capital adequacy ratio required by the Central Bank of Nigeria (or any successor body or entity thereto having primary responsibility for regulatory supervision of the Issuer) (the "**CBN**") or

(B) the ratio of its Capital to its Risk Weighted Assets to fall below 15.0 per cent., as calculated in accordance with the BIS Guidelines; and

(ii) at all times comply with all rules, regulations and prudential supervision ratios of the CBN applicable to banks in the Federal Republic of Nigeria ("**Nigeria**") except where failure to so comply would not have a Material Adverse Effect or result in the imposition of fines, penalties or other regulatory sanctions against the Issuer.

(d) *No Consolidation or Merger*

The Issuer shall not without the prior written consent of the Trustee (which consent may only be given by the Trustee if it is of the opinion that to do so will not be materially prejudicial to the interests of the Noteholders) consolidate with or merge into any other Person (or enter into any transaction whose effect would be similar to that of a merger) or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets to any Person by one or more transactions or series of transactions (whether related or not) (any such consolidation or merger (or transaction whose effect would be similar to that of a merger) and any such transaction or series of transactions, a "**consolidation**" or "**merger**") if such consolidation or merger would have a Material Adverse Effect, unless:

(i) the Issuer shall be the continuing Person or the successor Person (as a result of such consolidation or merger) shall be a corporation organised and validly existing under the laws of Nigeria, and shall expressly assume by a supplemental trust deed to the Trust Deed in form and substance satisfactory to the Trustee, all of the obligations of the Issuer under the Notes and the Trust Deed;

(ii) immediately before and after giving effect to such consolidation or merger, no Potential Event of Default (as defined in the Trust Deed) or Event of Default shall have occurred and be continuing; and

(iii) the Issuer or such successor Person, as the case may be, shall have delivered to the Trustee:

(A) an opinion of independent legal advisers of recognised standing stating that the consolidation or merger complies with the provisions of subparagraph (i) above; and

(B) a certificate signed by two of its directors stating that the consolidation or merger complies with the provisions of subparagraphs (i) and (ii) above.

(e) *Disposals*

(i) Without prejudice to the provisions of Conditions 4(d) (*No Consolidation or Merger*) or 4(f) (*Transactions with Affiliates*), the Issuer shall not, and shall ensure that none of its Material Subsidiaries shall, (in each case disregarding any sale, lease, transfer or disposal made in the ordinary course of Banking Business of the Issuer or in the case of a Material Subsidiary, the ordinary course of business of the relevant Material Subsidiary) sell, lease, transfer or otherwise dispose of, to a Person other than the Issuer or a Subsidiary of the Issuer, by one or more transactions or series of transactions (whether related or not), the whole or any Material Part of its revenues or its assets, unless such transaction(s) is/are:

(A) for Fair Market Value; and

(B) has/have been approved by a resolution of the appropriate decision-making body of the Issuer or the relevant Material Subsidiary, as the case may be, resolving that the transaction complies with the requirements of this Condition 4(e); **provided that** this Condition 4(e) does not apply to any Permitted Disposal.

For the purpose of determining whether or not one or more disposals is of a Material Part, (x) in determining the book value of the revenues or assets being disposed of, reference shall be had to the most recent published audited consolidated financial statements of the Issuer prepared in accordance with IFRS or non-consolidated financial statements of the Material Subsidiary prepared in accordance with IFRS, as the case may be, at the time the disposal is completed; and (y) in determining the book value of the total revenues or total assets of the Group, reference shall be had to the most recent published audited consolidated financial statements of the Issuer prepared in accordance with IFRS at the time the determination is made.

(ii) "**Material Part**" means, in respect of any one or more transactions or series of transactions (whether related or not):

(A) completed since the Issue Date of the first Tranche of Notes in the relevant Series, revenues or assets the book value of which is 10.0 per cent. or more of the book value of the total revenues (with respect to a disposal of revenues) or total assets (with respect to a disposal of assets) of the Group; and

(B) completed in any 12-month period (**provided that** no such period shall commence earlier than the Issue Date of the first issue of Notes under the Programme) revenues or assets the book value of which is 5.0 per cent. or more of the book value of the total revenues (with respect to a disposal of revenues) or total assets (with respect to a disposal of assets), of the Group.

(iii) Condition 4(e)(i) shall not apply to any revenues or assets (or any part thereof) which are the subject of a Securitisation Transaction (as defined below), provided that the aggregate value of the assets or revenues sold, leased, transferred or otherwise disposed of in Securitisation Transactions not in compliance with Condition 4(e)(i) does not at any time exceed 10.0 per cent. of the total loans and advances of the Group (less provisions for bad and doubtful loans), as determined at any such time by reference to the most recent audited consolidated annual financial statements of the Group prepared in accordance with IFRS. The aggregate value of the assets or revenues sold, leased, transferred or otherwise disposed of in Securitisation Transactions under the proviso set out in the preceding sentence of this Condition 4(e)(iii), when added to the aggregate value of any revenues or assets the subject of any Security Interest permitted pursuant to subparagraph (K) of the definition of "Permitted Security Interest" in Condition 4(g)(xiv), shall not at any time exceed 20.0 per cent. of the total loans and advances of the Group (less provisions for bad and doubtful loans), as determined at any such time by reference to the most recent audited consolidated annual financial statements of the Group prepared in accordance with IFRS.

(f) *Transactions with Affiliates*

The Issuer shall not, and shall ensure that each of its Subsidiaries shall not, directly or indirectly, conduct any business, enter into or permit to exist any transaction or series of related transactions (including the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate (an "**Affiliate Transaction**"), including, without limitation, intercompany loans, unless the terms of such Affiliate Transaction are no less favourable to the Issuer or such Subsidiary, as the case may be, than those that could be obtained in a comparable arm's length transaction for Fair Market Value with a Person that is not an Affiliate of the Issuer or such Subsidiary.

This Condition does not apply to:

(i) compensation or employee benefit arrangements with any officer or director of the Issuer or any of its Subsidiaries arising as a result of the employment contract of such officer or director; or

(ii) any Affiliate Transaction between the Issuer and any of its Subsidiaries or between any Subsidiaries of the Issuer.

(g) *Interpretation*

In these Conditions:

(i) "**Affiliate**" of any specified Person means:

(A) any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person or who has as a director a Person who is also a director of such specified Person; or

(B) any other Person who is a director or officer of such specified Person, of any Subsidiary of such specified Person or of any Person described in (B) above;

(ii) "**Agency**" means any agency, authority, central bank, department, committee, government, legislature, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of any national, regional or local government of, any state or, as applicable, of any supra national body;

(iii) "**Banking Business**" means, in relation to the Issuer or any of its Subsidiaries, any type of banking business (including, without limitation, any short term interbank operations with maturities of one year or less, factoring, consumer credit, mortgages, issuance of banking guarantees and letters of credit (and related cash cover provision), bills of exchange, promissory notes and certificates of deposit and payments under such guarantees, letters of credit, trading of securities, fund management and professional securities market participation business) or other financial services which it conducts or may conduct pursuant to any licence issued by the appropriate authorities for that purpose and any applicable law;

(iv) "**BIS Guidelines**" means at any time, the capital adequacy standards and guidelines published by the Basel Committee on Banking Supervision as implemented by the CBN from time to time;

(v) "**Capital**" means the Issuer's capital as such term is defined in the BIS Guidelines;

(vi) "**Fair Market Value**" means the value that would be obtained in an arm's length commercial transaction between an informed and willing seller or equivalent participant in such transaction (under no undue pressure or compulsion to sell or otherwise participate in the transaction) and an informed and willing buyer or equivalent participant in such transaction (under no undue pressure or compulsion to buy or otherwise participate in the transaction). A report of the auditors of the Issuer or a report by a financial institution of international repute on the Fair Market Value of a transaction may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee shall be conclusive and binding on all parties;

(vii) "**Group**" means the Issuer and its Subsidiaries, from time to time, taken as a whole;

(viii) "**IFRS**" **or** "**IFRS Standards**" means all International Financial Reporting Standards and Interpretations, and all International Accounting Standards and Interpretations as issued and/or adopted by the International Accounting Standards Board ("**IASB**") (as amended, supplemented or re issued from time to time);

(ix) "**Indebtedness**" means, with respect to any Person at any date of determination (without duplication), any present or future indebtedness of such Person for, or in respect of, money borrowed or any amount raised including, without limitation:

(A) any amount raised by way of acceptance under any acceptance credit facility;

(B) any amount raised pursuant to any note purchase facility or the issue of notes, bonds, debentures, debenture stock, loan stock or any other security or similar instrument;

(C) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with IFRS in the jurisdiction of incorporation of the lessee, be treated as finance or capital leases (each a "**Finance Lease**");

(D) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service; and

(E) any amount raised under any other transaction (including, without limitation, any forward sale or purchase agreement and the sale of receivables or other assets on a "with recourse" basis) having the economic or commercial effect of a borrowing (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business), and the amount of any liability in respect of any guarantee or indemnity for any of the above;

(x) "**Issue Date**" has the meaning given in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

(xi) "**Material Adverse Effect**" means a material adverse effect on:

(A) the business, financial condition or results of operations of the Issuer or the Group; or

(B) the Issuer's ability to perform its obligations under the Notes and/or the Trust Deed;

(xii) "**Material Subsidiary**" means, at any time, a Subsidiary of the Issuer which:

(A) has gross revenues representing 10.0 per cent. or more of the consolidated gross revenues of the Group; or

(B) has total assets representing 7.5 per cent. or more of the consolidated total assets of the Group, in each case calculated on a consolidated basis in accordance with the then most recent audited consolidated financial statements of the Issuer, as more particularly defined in the Trust Deed.

For the purpose of this definition, a report by two directors of the Issuer (whether or not addressed to the Trustee) that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

(xiii) "**Permitted Disposal**" means the sale by the Issuer of the following subsidiary companies:

(A) Access Bank (Gambia) Limited,

(B) Access Bank (Sierra Leone) Limited, and

(C) Access Bank (R.D. Congo).

(xiv) "**Permitted Security Interests**" means:

(A) Security Interests in existence on the Issue Date of the first Tranche of Notes in the relevant Series;

(B) Security Interests arising in the ordinary course of Banking Business (including netting or set off arrangements for the purposes of netting debit and credit balances);

(C) Security Interests granted in favour of the Issuer by any of its Subsidiaries;

(D) Security Interests on assets or property acquired (or deemed to be acquired) under a Finance Lease, or claims arising from the use or loss of or damage to such assets or property, *provided that* any such Security Interest secures only Indebtedness under such Finance Lease, including, without limitation to the generality of the foregoing, any Security Interest created pursuant to any Repo transaction;

(E) Security Interests arising pursuant to any agreement (or other applicable terms and conditions) which are standard or customary in the relevant market and in the ordinary course of business (and not for the purposes of raising credit or funds for the operation of the Issuer and/or any Material Subsidiary of the Issuer, as the case may be, other than on a short term basis as part of the Issuer's or such Material Subsidiary's liquidity management activities), in connection with (i) contracts entered into substantially simultaneously for sales and purchases at market prices of foreign exchange or securities (including, but not limited to, Repos and "**Lombard**" credits extended by the CBN), (ii) insurance deposits placed by the Issuer or such Material Subsidiary as security for guarantees issued in respect of the export import operations of the Issuer's or such Material Subsidiary's customers, (iii) the establishment of margin deposits and similar collateral in connection with any trading transaction, (iv) proprietary trading activities generally or (v) any derivative transaction entered into by the Issuer or such Material Subsidiary in connection with taking protection against or benefiting from a fluctuation in any rate or price;

(F) Security Interests on the assets or property of a Person existing at the time that such Person is acquired as a Subsidiary by the Issuer, *provided that* such Security Interests: (i) were not created in contemplation of such acquisition; and (ii) do not extend to any other assets or property of the

Issuer or any Subsidiary of the Issuer (other than those of the Person acquired and its Subsidiaries (if any));

(G) Security Interests already existing on assets or property acquired or to be acquired by the Issuer or a Subsidiary of the Issuer, *provided that* such Security Interests were not created in contemplation of such acquisition and do not extend to any other assets or property (other than the proceeds of such acquired assets or property);

(H) any Security Interests arising by operation of law;

(I) Security Interests arising in connection with any court proceedings which do not constitute an Event of Default;

(J) Security Interests on any assets or property acquired by any member of the Group after the Issue Date of the First Tranche of Notes in the relevant Series to secure the purchase price of such assets or property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such assets or property and transactional expenses related to such acquisition or expenses related to the repair or refurbishment of such assets or property, *provided that* the maximum amount of Indebtedness secured by such Security Interest does not exceed the purchase price of such assets or property (including transactional expenses) or the Indebtedness incurred solely for the purpose of financing the acquisition, repair or refurbishment of such assets or property;

(K) any Security Interests on, or with respect to, any present or future revenues or assets of the Issuer or any of its Subsidiaries or any part of such revenues or assets that is created pursuant to any Securitisation Transaction, *provided that* the aggregate value of the revenues or assets subject to such Security Interests when added to the aggregate value of the revenues or assets the subject of any Securitisation Transaction permitted pursuant to Condition 4(e) (*Disposals*), does not at any time exceed 20.0 per cent. of the total loans and advances of the Group (less provisions for bad and doubtful loans), as determined at any such time by reference to the most recent audited consolidated annual financial statements of the Group;

(L) any Security Interests not otherwise permitted by the preceding subparagraphs (A) to (K) (inclusive), *provided that* the aggregate principal amount of the Indebtedness secured by such Security Interests does not at any time exceed 20.0 per cent. in aggregate of the total assets of the Group shown on the most recent audited consolidated annual financial statements or, as the case may be, audited consolidated interim financial statements of the Issuer; and

(M) any Security Interest arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by a Security Interest permitted by any of the above exceptions, *provided that* the Indebtedness secured by such Security Interest does not exceed the amount of the original Indebtedness and such Security Interest is not extended to cover any assets or property not previously subject to such Security Interest;

(xv) "**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, trust, institution, organisation, agency or other entity, whether or not having separate legal personality;

(xvi) "**Programme**" means the U.S.$1,500,000,000 Global Medium Term Note Programme of Access Bank Plc;

(xvii) "**Repo**" means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities borrowing agreement or any agreement relating to securities which is similar in effect to any of the foregoing, and, for purposes of this definition, the term securities means any capital stock, share, debenture or other debt or equity instrument, or any derivative thereof, whether issued by any private or public company, any government or agency or instrumentality thereof or any supranational, international or multilateral organisation;

(xviii) "**Risk Weighted Assets**" means the aggregate of the Group's consolidated balance sheet assets and off balance sheet engagements, weighted for credit and market risk in accordance with the BIS Guidelines;

(xix) "**Securitisation Transaction**" means any securitisation of receivables, asset backed financing, or comparable secured loan financing or similar arrangement by which an entity acquires or provides finance against the security of certain assets or revenues and that entity funds such acquisition or financing from external funding sources (including, but not limited to, debt securities or banking facilities) on terms that such funding will be repaid primarily from such assets or revenues; and

(xx) "**Subsidiary**" means, in relation to any Person at any time, any other Person (whether or not now existing) which is controlled directly or indirectly by, or more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned by the first Person and/or any one or more of the first Persons' Subsidiaries, and "**control**" means the power (whether directly or indirectly) and whether by the ownership of share capital, the possession of voting power, contract or otherwise to appoint the majority of the members of the governing body of management or otherwise to control the affairs and policies, of that other Person.

(h) *Determination of Material Adverse Effect*

To the extent that the Trustee is instructed to take any action pursuant to:

(i) a request in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding; or

(ii) an Extraordinary Resolution of Noteholders, and any such action requires the determination of whether an event or occurrence has had a Material Adverse Effect, the Trustee shall have no duty to enquire or satisfy itself as to the existence of an event or occurrence having a Material Adverse Effect and shall be entitled to rely conclusively upon such request in writing by, or Extraordinary Resolution of, the Noteholders regarding the same, and shall bear no liability of any nature whatsoever to the Issuer for acting upon such request in writing or Extraordinary Resolution of the Noteholders.

(i) *Trustee Not Obliged to Monitor Compliance*

The Trust Deed does not oblige the Trustee to monitor compliance by the Issuer with the Conditions (including Conditions 4(a) (*Negative Pledge*), 4(b) (*Restricted Payments*), 4(c) (*Capital Adequacy*), 4(d) (*No Consolidation or Merger*), 4(e) (*Disposals*) and 4(f) (*Transactions with Affiliates*)) but it does oblige the Issuer to furnish the Trustee, annually, with a certificate, on which the Trustee may rely, as to such compliance.

5. **Interest**

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrears on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), amount to the Broken Amount so specified.

As used in the Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest, in accordance with this Condition 5(a):

(i) if "**Actual/Actual** (**ICMA**)" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be):

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of:

(1) the number of days in such Determination Period; and

(2) the number of Determination Dates (as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number

of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "**30/360**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360.

In these Conditions:

"**Determination Date**" has the meaning given in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

"**Determination Period**" means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

"**Initial Rate of Interest**" has the meaning specified in the relevant Final Terms or Drawdown Prospectus;

"**Interest Commencement Date**" means the Issue Date of the Note or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms or Drawdown Prospectus;

"**Maturity Date**" has the meaning specified in the relevant Final Terms or Drawdown Prospectus;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or Drawdown Prospectus or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms or Drawdown Prospectus and shall include, in respect of Reset Notes only, the Initial Rate of Interest, the First Reset Rate of Interest and the Subsequent Reset Rate of Interest, as applicable; and

"**sub unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) *Interest on Reset Notes*

(i) This Condition 5(b) is only applicable to Subordinated Notes and shall only apply if the Reset Note Provisions are specified in the relevant Final Terms or Drawdown Prospectus as being applicable to one or more Interest Period(s) (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

(ii) Each Reset Note will bear interest on its outstanding principal amount:

(A) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the Initial Rate of Interest;

(B) for the First Reset Period at the First Reset Rate of Interest; and

(C) for each Subsequent Reset Period thereafter (if any) to (but excluding) the Maturity Date at the relevant Subsequent Reset Rate of Interest.

The Rate of Interest and the amount of interest payable for each Reset Note shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the amount of interest payable, in accordance with the provisions set out below.

Interest will be payable in arrears on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If the Reset Notes are in definitive form, except as provided in the applicable Final Terms or the relevant Drawdown Prospectus (as the case may be), the amount of interest payable on each Interest Payment Date in respect of each Interest Period falling in the Initial Period will amount to the Fixed Coupon Amount. Payments of interest on the first Interest Payment Date will, if so specified in the applicable Final Terms or the relevant Drawdown Prospectus (as the case may be), amount to the Broken Amount(s) so specified.

Except in the case of Subordinated Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in respect of each Interest Period falling in the Initial Period in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), interest shall be calculated in respect of any period by applying the Rate of Interest to:

(1) in the case of Reset Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Reset Notes represented by such Global Note; or

(2) in the case of Reset Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Reset Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Reset Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

(iii) If on any Reset Determination Date, the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page as of the Relevant Time on such Reset Determination Date, the Rate of Interest applicable to the relevant Reset Notes in respect of each Interest Period falling in the relevant Reset Period will, subject as provided in Condition 5(c)(vii), as applicable, be determined by the Calculation Agent on the following basis:

(A) the Calculation Agent shall request each of the Reset Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately the Relevant Time on the Reset Determination Date in question;

(B) if at least three of the Reset Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest (or, in the event of equality, one of the lowest) and (B) the Relevant Reset Margin, all as determined by the Calculation Agent;

(C) if only two relevant quotations are provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the arithmetic mean (rounded as aforesaid) of the relevant quotations provided and (B) the Relevant Reset Margin, all as determined by the Calculation Agent;

(D) if only one relevant quotation is provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the relevant quotation provided and (B) the Relevant Reset Margin, all as determined by the Calculation Agent; and

(E) if none of the Reset Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 5(b)(iii), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) will be equal to the sum of (A) the Mid-Swap Rate determined on the last preceding Reset Determination Date and (B) the Relevant Reset Margin or, in the case of the first Reset Determination Date, the First Reset Rate of Interest will be equal to the Initial Rate of Interest.

(iv) The Calculation Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the amount of interest payable on each Interest Payment Date falling in such Reset Period to be notified to the Issuer, the Trustee, the Paying Agents (and if applicable, the Registrar), each Stock Exchange (if any) on which the Reset Notes have for the time being been admitted to listing, trading and/or quotation as soon as possible after such determination and in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 14 (*Notices*).

(v) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5(b) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Trustee, the Registrar (if applicable), the Noteholders and (subject as aforesaid) no liability to any Noteholder or Couponholder will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(vi) In this Condition 5(b), the following expressions shall have the following meanings:

"**Business Day**" has the meaning given in Condition 5(c) (*Interest on Floating Rate Notes*);

"**Day Count Fraction**" has the meaning given in Condition 5(a) (*Interest on Fixed Rate Notes*);

"**First Reset Date**" means the date specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

"**First Reset Margin**" means the margin specified as such in the relevant Final Terms or Drawdown Prospectus (as the case may be);

"**First Reset Period**" means the period from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms or Drawdown Prospectus (as the case may be), the Maturity Date;

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to Condition 5(b)(iii), the rate of interest determined by the Calculation

Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Reset Margin;

"**Initial Period**" means the period from and including the Issue Date to but excluding the First Reset Date;

"**Mid-Market Swap Rate**" means, subject as provided in Condition 5(c)(vii), if applicable, for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Reset Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Floating Leg Maturity (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"**Mid-Swap Floating Leg Benchmark Rate**" means, subject as provided in Condition 5(c)(vii) (if applicable), EURIBOR (if the Specified Currency is euro), LIBOR (if the Specified Currency is U.S. dollars or pounds sterling) or (in the case of any other Specified Currency) the benchmark rate most closely connected with such Specified Currency and selected by the Issuer in its discretion;

"**Mid-Swap Floating Leg Maturity**" has the meaning specified in the relevant Final Terms or Drawdown Prospectus (as the case may be);

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Conditions 5(b)(iii) and 5(c)(vii), either:

(A) if Single Mid-Swap Rate is specified in the relevant Final Terms or Drawdown Prospectus, the rate for swaps in the Specified Currency:

(1) with a term equal to the relevant Reset Period; and

(2) commencing on the relevant Reset Date, which appears on the Relevant Screen Page; or

(B) if Mean Mid-Swap Rate is specified in the relevant Final Terms or Drawdown Prospectus, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(1) with a term equal to the relevant Reset Period; and

(2) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately the Relevant Time on such Reset Determination Date, all as determined by the Calculation Agent;

"**Relevant Reset Margin**" means, in respect of a Reset Period, whichever of the First Reset Margin or the Subsequent Reset Margin is applicable for the purpose of determining the Rate of Interest in respect of such Reset Period;

"**Relevant Screen Page**" means the page, section or other part of a particular information service (or any successor or replacement page, section or other part of a particular information service) specified as the Relevant Screen Page in the relevant Final Terms or Drawdown Prospectus, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Mid-Swap Rate;

"**Relevant Time**" has the meaning given in the relevant Final Terms or Drawdown Prospectus;

"**Reset Date**" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

"**Reset Determination Date**" means, in respect of a Reset Period, the date specified as such in the relevant Final Terms or Drawdown Prospectus (as the case may be);

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"**Reset Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of five major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Calculation Agent in its discretion acting reasonably and in good faith after consultation with the Issuer;

"**Second Reset Date**" means the date specified in the relevant Final Terms or Drawdown Prospectus;

"**Subsequent Reset Date**" means the date or dates specified in the relevant Final Terms or Drawdown Prospectus;

"**Subsequent Reset Margin**" means the margin specified as such in the relevant Final Terms or Drawdown Prospectus;

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or the Maturity Date, as the case may be; and

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 5(b)(iii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Reset Margin.

(c) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrears on either:

(A) the Specified Interest Payment Date(s) in each year specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be); or

(B) if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), each date (each such date, together with each Specified Interest Payment

Date, an "**Interest Payment Date**") which falls within the number of months or other period specified as the Specified Period in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period.

If a Business Day Convention is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 5(c)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, Lagos and any Additional Business Centre specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

(B) if the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is specified as an Additional Business Centre in the applicable Final Terms or the relevant Drawdown Prospectus (as the case may be), is a day on which the TARGET2 System or any successor thereto is open; and

(C) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System or any successor thereto is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus the Margin (as indicated in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)). For the purposes of this subparagraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as of the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(1) the Floating Rate Option is as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

(2) if the Floating Rate Option specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) is an Overnight Floating Rate Option and either Compounding or Averaging is specified as applicable in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be):

(aa) an Applicable Business Day is any day that is a Business Day (as defined in these Conditions);

(bb) the relevant Reset Date is the last day of the relevant Interest Period;

(cc) the Daily Capped Rate is as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

(dd) the Daily Floored Rate is as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

(ee) Delayed Payment will be applicable if specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), and if so, the applicable number of days is either (x) as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), or (y) if no number is specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), five;

(ff) if Compounding is specified as applicable in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be):

(I) OIS Compounding will be applicable if specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

(II) Compounding with Lookback will be applicable if specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), and if so, the Lookback is either (x) as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), or (y) if no number is specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number specified as the "Lookback" for the relevant Floating Rate Option in the ISDA Definitions, or (z) if no such number is specified for the relevant Floating Rate Option, five;

(III) Compounding with Observation Period Shift will be applicable if specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), and if so, Set in Advance will be applicable if specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), Observation Period Shift Additional Business Day is as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), and the Observation Period Shift is either (x) as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), or (y) if no number is specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number specified as the "Observation Period Shift" for the relevant Floating Rate Option in the ISDA Definitions, or (z) if no such number is specified for the relevant Floating Rate Option, five; and

(IV) Compounding with Lockout will be applicable if specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), and if so, Lockout Period Business Day is as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) and the Lockout is either (x) as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), or (y) if no number is specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number specified as the "Lockout" for the relevant Floating Rate Option in the ISDA Definitions, or (z) if no such number is specified for the relevant Floating Rate Option, five; or (gg) if Averaging is specified as applicable in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be):

(I) Overnight Averaging will be applicable if specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

(II) Averaging with Lookback will be applicable if specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), and if so, the Lookback is either (x) as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), or (y) if no number is specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number specified as the "Lookback" for the relevant Floating Rate Option in the ISDA Definitions, or (z) if no such number is specified for the relevant Floating Rate Option, five;

(III) Averaging with Observation Period Shift will be applicable if specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), and if so, Set in Advance will be applicable if specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), Observation Period Shift Additional Business Day is as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) and the Observation Period Shift is either (x) as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), or (y) if no number is specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number specified as the "Observation Period Shift" for the relevant Floating Rate Option in the ISDA Definitions, or (z) if no such number is specified for the relevant Floating Rate Option, five; and

(IV) Averaging with Lockout will be applicable if specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), and if so, Lockout Period Business Day is as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) and the Lockout is either (x) as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), or (y) if no number is specified as such in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number specified as the "Lockout" for the relevant Floating Rate Option in the ISDA Definitions, or (z) if no such number is specified. relevant Floating Rate Option, five; or

(3) otherwise:

(aa) the Designated Maturity is the Specified Duration; and

(bb) the relevant Reset Date is as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).

If the Floating Rate Option is not available (for any reason whatsoever), where the ISDA Definitions state that the determination of the Floating Rate Option will be pursuant to any requirement for the Calculation Agent to request quotes from Reference Banks, Reference Dealers or major banks pursuant to the ISDA Definitions, such requirement to make requests for quotations for rates from, and the provision of quotations for rates by, the requisite number of Reference Banks, Reference Dealers or major banks may be effected by reference to and using the quotations or tradable market prices which were most recently published by such Reference Banks, Reference Dealers or major banks. If the fallback as set out in the definition of the Floating Rate Option pursuant to the ISDA Definitions does not produce a result, the Calculation Agent shall determine the rate at such time and by reference to such sources or methods as the Bank determines appropriate.

For the purposes of this subparagraph (A), "**Additional Business Day**", "**Applicable Business Day**", "**Averaging with Lockout**", "**Averaging with Lookback**", "**Averaging with Observation Period Shift**", "**Calculation Agent**", "**Compounding with Lockout**", "**Compounding with Lookback**", "**Compounding with Observation Period Shift**", "**Daily Capped Rate**", "**Daily Floored Rate**", "**Delayed Payment**", "**Designated Maturity**", "**Floating Rate Option**", "**Floating Rate**", "**Lockout Period Business Day**", "**Lockout**", "**Lookback**", "**Observation Period Shift**", "**Observation Period Shift**", "**OIS Compounding**", "**Overnight Averaging**", "**Overnight Floating Rate Option**", "**Reference Banks**", "**Reset Date**", "**Reference Dealers**" and "**Set in Advance**" have the meanings given to those terms in the ISDA Definitions, but with references, where applicable, to "the Confirmation" being read as "the Final Terms" or "the Drawdown Prospectus" (as the case may be). Unless otherwise stated in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) the Minimum Rate of Interest shall be deemed to be zero.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus the Margin (as indicated in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)), all as determined by the Calculation Agent. If five or more offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations.

If the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or if, in the case of (2) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks (as set out in the relevant Final Terms or Drawdown Prospectus (as the case may be)) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time in the Relevant Financial Centre on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately the Specified Time in the Relevant Financial Centre on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the Relevant Financial Centre on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any), **provided that**, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5(c)(ii)(B), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest

Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) as being other than LIBOR or EURIBOR, the Rate of Interest in respect of the Notes will be determined as provided in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).

If the Floating Rate Notes of any Series become immediately due and repayable under Condition 10 (*Events of Default and Enforcement*), the rate and/or amount of interest payable in respect of them will be calculated by the Calculation Agent at the same intervals as if such Notes had not become due and repayable, the first of which will commence on the expiry of the Interest Period during which the Notes of the relevant Series become so due and repayable mutatis mutandis in accordance with the provisions of this Condition 5 except that the rates of interest need not be published.

Unless otherwise stated in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) the Minimum Rate of Interest shall be deemed to be zero.

In these Conditions:

"**EURIBOR**" means the Euro-zone interbank offered rate;

"**LIBOR**" means the London interbank offered rate; and

"**Relevant Financial Centre**" means (i) London, in the case of a determination of LIBOR, (ii) Brussels, in the case of a determination of EURIBOR, or such other Relevant Financial Centre as shall be specified in the relevant Final Terms or Drawdown Prospectus, as the case may be.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of subparagraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of subparagraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Calculation Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the Interest Amount payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5(c):

(C) if "**Actual/Actual** (**ISDA**)" or "**Actual/Actual**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(D) if "**Actual/365** (**Fixed**)" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the actual number of days in the Interest Period divided by 365;

(E) if "**Actual/365** (**Sterling**)" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(F) if "**Actual/360**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the actual number of days in the Interest Period divided by 360;

(G) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(F) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

(G) if "**30E/360** (**ISDA**)" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

In these Conditions, "**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period.

(v) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the relevant Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the relevant Final Terms), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided, however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer, than the length of the relevant Interest Period then the Calculation Agent shall determine such rate at such time and by reference to such sources or methods as it determines appropriate.

"**Applicable Maturity**" means (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate and, (b) in relation to ISDA Determination, the Designated Maturity.

(vi) *Notification of Rate of Interest and Interest Amounts*

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee, each other Paying Agent and any Stock Exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the third London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each Stock Exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (*Notices*). For the purposes of this subparagraph (vi), the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vii) *Reference Rate Replacement*

If:

(A) the Notes are Reset Notes and the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page as of the Relevant Time on such Reset Determination Date (each as defined in

Condition 5(b)(iv)) as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be); or

(B) the Notes are Floating Rate Notes and Screen Rate Determination is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) as the manner in which the Rate of Interest is to be determined,

and, in each case, if Reference Rate Replacement is also specified in the relevant Final Terms or Drawdown Prospectus (as the case may be), then the provisions of this Condition 5(c)(vii) shall apply.

If, notwithstanding the provisions of Condition 5(c)(ii), the Issuer determines that a Benchmark Event occurs at any time when any Rate of Interest (or any component thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply to the relevant Notes:

(1) the Issuer shall use reasonable endeavors to appoint and consult with an Independent Adviser with a view to the Issuer determining (in each case acting in good faith and in a commercially reasonable manner) (x) a Successor Reference Rate, or (y) failing which, an Alternative Reference Rate, and, in each case, an Adjustment Spread and any Benchmark Amendments (as defined below) by no later than the Initial Determination Cut-off Date, for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes for, in the case of Floating Rate Notes, such next Interest Period or, in the case of Reset Notes, such next Reset Interest Period, as the case may be, and for all other relevant future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(c)(vii) during any other future Interest Period(s));

(2) if the Issuer is unable to appoint an Independent Adviser or, following consultation with an Independent Adviser so appointed, it fails to determine a Successor Reference Rate or an Alternative Reference Rate (as applicable) and, in either case, the applicable Adjustment Spread, prior to the relevant Initial Determination Cut-off Date, the Issuer may determine (acting in good faith and in a commercially reasonable manner), (x) a Successor Reference Rate, or (y) failing which, an Alternative Reference Rate, and, in each case, an Adjustment Spread and any Benchmark Amendments (as defined below), by no later than the relevant Final Determination Cut-off Date, for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes for, in the case of Floating Rate Notes, such next Interest Period or, in the case of Reset Notes, such next Reset Interest Period, as the case may be, and for all other relevant future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(c)(vii) during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents, any operational requirements of the Calculation Agent, any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(3) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the Issuer, following consultation with the relevant Independent Adviser (if applicable) in accordance with this Condition 5(c)(vii):

(a) such Successor Reference Rate or Alternative Reference Rate (as applicable) (in either case subject to the subsequent operation of, and adjustment as provided in, this Condition 5(c)(vii) shall subsequently be used in place of the relevant Original Reference Rate for, in the case of Floating Rate Notes, all future Interest Periods or, in the case of Reset Notes, all future Reset Interest Periods, as the case may be, for which the Rate of Interest (or the relevant component part thereof) was otherwise to be determined by reference to the relevant Original Reference Rate);

(b) the Issuer, following consultation with the relevant Independent Adviser (if applicable), (acting in good faith and in a commercially reasonable manner):

(i) shall determine an Adjustment Spread (which may be expressed as a specified quantum, or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which shall be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) for, in the case of Floating Rate Notes all future Interest Periods or, in the case of Reset Notes, all future Reset Interest Periods, as the case may be for which the Rate of Interest (or the relevant component thereof) is to be determined by reference to the relevant Original Reference Rate; and

(ii) the Issuer, following consultation with the relevant Independent Adviser (if applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:

(A) changes to these Conditions, the Agency Agreement or the Trust Deed, as applicable, in order to follow market practice in relation to the relevant Successor Reference Rate or Alternative Reference Rate and, in either case, any Adjustment Spread (as applicable), including, but not limited to changes to (1) the Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Determination Date, Reset Reference Rate, Reference Banks, Reset Reference Banks, Relevant Financial Centre, Relevant Screen Page, Relevant Time and/or Reset Interest Determination Date (as applicable) applicable to the Notes, and/or (2) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

(B) any other changes to these Conditions which the Issuer, following consultation with the relevant Independent Adviser (if applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, the Adjustment Spread, which changes (such changes as described in (A) and (B) above, the "**Benchmark Amendments**") shall apply to the Notes for, in the case of Floating Rate Notes, all relevant future Interest Periods or, in the case of Reset Notes, all relevant future Reset Interest Periods, as the case may be subject to the subsequent operation of, and adjustment as provided in, this Condition 5(c)(vii); and

(c) promptly following the determination of any Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread and any Benchmark Amendments, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to this Condition 5(c)(vii) to the Paying and Transfer Agents, any Calculation Agent, the Trustee, each Stock Exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (*Notices*); and

(d) The Issuer shall, when it delivers the notice to the Trustee pursuant to Condition 5(c)(vii)(3)(c), also deliver to the Trustee and the Agents a certificate signed by two authorised signatories of the Issuer confirming, in the Issuer's reasonable opinion (following consultation with the Independent Adviser, if such Independent Adviser is appointed pursuant to Condition 5(c)(vii)), (i) that a Benchmark Event has occurred, (ii) the Successor Reference Rate or Alternative Reference Rate (as applicable), (iii) in either case, an Adjustment Spread, and (iv) the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5(c)(viii)(3)(d). The Trustee, the Calculation Agent and the Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Reference Rate or Alternative Reference Rate (as applicable) or where applicable, any Adjustment Spread and any Benchmark Amendments, and without prejudice to the ability of the Trustee and the Agents (as applicable) to rely on such certificate, will be binding on the Issuer, the Trustee, the Calculation Agent, the Agents and the Noteholders.

Each of the Trustee, the Calculation Agent and the Agents shall, at the direction and expense of the Issuer, but subject to receipt by the Trustee, the Calculation Agent and the Agents of a certificate (as aforesaid), concur with the Issuer in effecting the Benchmark Amendments to the Trust Deed, the Agency Agreement and the Conditions as the Issuer shall direct in writing that may be required to give effect to this Condition 5(c)(vii). Neither the Trustee, the Calculation Agent nor the Agents shall be liable to any party for any consequences of complying with such written direction of the Issuer, save as provided in the Trust Deed or the Agency Agreement; provided that neither the Trustee, the Calculation Agent nor the Agents shall be obliged to effect the Benchmark Amendments if, in the sole opinion of the Trustee or, as the case may be, the Calculation Agent or the Agents, doing so would impose more onerous obligations on it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or protective provisions afforded to the Trustee or, as the case may be, the Calculation Agent or the Agents in the Conditions, the Agency Agreement or the Trust Deed (including, for the avoidance of doubt, any supplemental Trust Deed) in any way.

No consent of the Noteholders shall be required in connection with effecting the Benchmark Amendments or the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 5(c)(vii) or such other relevant changes pursuant to Condition 5(c)(vii)(b)(2), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

For the avoidance of doubt, if (i) a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 5(c)(vii) prior to the relevant Final Determination Cut-off Date, or (ii) a Benchmark Event has not occurred, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Conditions 5(b)(iii) or 5(c)(ii)(B), as applicable. For the avoidance of doubt this Condition 5(c)(vii) shall apply to the determination of the Rate of Interest (or any component part thereof) on the relevant Interest Determination Date only, and the Rate of Interest (or any component thereof) applicable to any subsequent Interest Period(s).

If in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(c)(vii), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing (which direction may be by way of a written determination of an Independent Adviser) as to which course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination as a result of its operational requirements for implementation and operation of the determined Successor Reference Rate, Alternative Reference Rate, any Adjustment Spread and any Benchmark Amendments, it shall notify the Issuer thereof and the Calculation Agent shall not incur any liability for any failure to make such calculation or determination which arises as a result thereof, save as set out in the Agency Agreement and in the case of its negligence, fraud or wilful default. For the avoidance of doubt, neither the Trustee nor any Agent shall be obliged to monitor or enquire whether a Benchmark Event has occurred or have any liability in respect thereof.

Notwithstanding any other provision of this Condition 5(c)(vii), no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted and no other amendments to the terms of the Notes will be made pursuant to this Condition 5(c)(vii), if any to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as, in the case of Subordinated Notes, Tier 2 Capital of the Issuer.

For the purposes of these Conditions:

"**Adjustment Spread**" means either (x) a spread (which may be positive, negative or zero) or (y) a formula or methodology for calculating a spread, which, in either case, is to be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(A) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or

(B) in the case of a Successor Reference Rate (where (i) does not apply) or in the case of an Alternative Reference Rate, the Issuer, following consultation with the relevant Independent Adviser (if applicable), (acting in good faith and in a commercially reasonable manner) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or

(C) if no such recommendation or option has been made (or made available) and the Issuer, following consultation with the relevant Independent Adviser (if applicable) determines that neither (i) nor (ii) applies, the Issuer, following consultation with the relevant Independent Adviser (if applicable), (acting in good faith and in a commercially reasonable manner) in its discretion determines to be appropriate to reduce or eliminate, to the extent practicable in the circumstances, any economic prejudice or benefit (as the case may be) to the Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Reference Rate or the Alternative Reference Rate (as the case may be);

"**Alternative Reference Rate**" means an alternative benchmark or screen rate that the Issuer, following consultation with the relevant Independent Adviser (if applicable), (acting in good faith and in a commercially reasonable manner) determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of debt securities denominated in the Specified Currency and of a comparable duration:

(A) in the case of Floating Rate Notes, to the relevant Interest Periods; or

(B) in the case of Reset Notes, to the relevant Reset Interest Periods,

or in any case if the Issuer, following consultation with the relevant Independent Adviser (if applicable) determines that there is no such rate, such other rate as the Issuer, following consultation with the relevant Independent Adviser (if applicable) determines in its discretion is most comparable to the Original Reference Rate;

"**Benchmark Event**" means:

(A) the Original Reference Rate ceasing to exist or be published; or

(B) the later of (1) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (2) the date falling six months prior to the specified date referred to in (B)(2); or

(C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or

(D) the later of (1) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (2) the date falling six months prior to the specified date referred to in (D)(1); or

(E) the later of (1) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (2) the date falling six months prior to the specified date referred to in (E)(1); or

(F) it has or will prior to (in the case of Floating Rate Notes) the next Interest Determination Date or (in the case of Reset Notes) the next Reset Determination Date (as applicable) become unlawful for the Issuer, the Agent, the Calculation Agent, any other party specified in the applicable Pricing Supplement, as being responsible for calculating the Rate of Interest or any Paying Agent to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate; or

(G) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

"**Final Determination Cut-off Date**" means:

(A) in the case of Floating Rate Notes, in any Interest Period, the date that is no later than three Business days prior to the Interest Determination Date relating to the next succeeding Interest Period; or

(B) in the case of Reset Notes, in any Reset Interest Period, the date that is no later than three Business Days prior to the Reset Interest Determination Date relating to the next succeeding Reset Interest Period;

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

"**Initial Determination Cut-off Date**" means:

(A) in the case of Floating Rate Notes, in any Interest Period, the date that is no later than five Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period; or

(B) in the case of Reset Notes, in any Reset Interest Period, the date that is no later than five Business Days prior to the Reset Interest Determination Date relating to the next succeeding Reset Interest Period;

"**Original Reference Rate**" means:

(A) the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) of the Notes; or

(B) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of Condition 5(c)(vii);

"**Relevant Nominating Body**" means, in respect of an Original Reference Rate:

(A) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which such Original Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities, or (D) the Financial Stability Board or any part thereof; and

"**Successor Reference Rate**" means the rate that the Issuer, following consultation with the relevant Independent Adviser (if applicable), (acting in good faith and in a commercially reasonable manner) determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(viii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(c), whether by the Calculation Agent or the Trustee or the Paying and Transfer Agents shall (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Calculation Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default and bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(d) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note have been paid by the Issuer; and

(ii) as provided in Clauses 2.2(b) and (c) of the Trust Deed.

6. **Payments**

(a) *Method of payment*

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is

Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Save as provided in Condition 8 (*Taxation*), payments will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer or the Agent agree to be subject and neither the Issuer nor the Agent will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(b) *Presentation of definitive Bearer Notes and Coupons*

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case only at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum of principal due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon *provided that* such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) *Payments in respect of Bearer Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note only at the specified office of any Paying Agent outside the United States or its possessions. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) *Payments in respect of Registered Notes*

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") at the close of business on the Record Date (as defined below). Notwithstanding the previous sentence, if:

(i) a holder does not have a Designated Account; or

(ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register:

(iii) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date; and

(iv) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**") at its address shown in the Register on the Record Date and at its risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each

Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) *General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for its share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 6, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(iii) the Issuer delivers to the Trustee a legal opinion (in a form and substance satisfactory to the Trustee) to the effect that such payment is then permitted under United States law and will not result in adverse tax consequences to the Issuer or holders of such Notes (such opinion the Trustee will be able to rely upon absolutely).

(f) *Payment Day*

If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9 (*Prescription*)) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(A) in the case of Notes in definitive form only, the relevant place of presentation;

(B) each Additional Financial Centre specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

(ii) either:

(A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars; or New Zealand dollars shall be Sydney and Auckland, respectively); or

(B) in relation to any sum payable in euro, a day on which the TARGET2 System or any successor thereto is open; and

(iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(g) *Interpretation of principal and interest*

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) the Optional Redemption Amount(s) (if any) of the Notes;

(v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(g) (*Early Redemption Amounts*)); and

(vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7. Redemption and Purchase

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) in the relevant Specified Currency on the Maturity Date.

(b) *Redemption for tax reasons*

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

(i) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8 (*Taxation*)), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after the Issue Date of the first Tranche of Notes in the relevant Series, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) (a "**Change in Tax Law**"); and

(ii) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

it being understood and agreed that any additional amounts that become payable as a result of the expiration of the exemption contemplated by the Nigerian Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011 (the "**CIT Order**") shall not be treated as a Change in Tax Law.

The Issuer may (in the case of Subordinated Notes, subject to having obtained the prior approval of the CBN (if required pursuant to the Applicable Banking Regulations)) at its option, having given not less than 30 nor more than 60 days' notice (or such other period as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)) to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their Early Redemption Amount together with interest accrued to but excluding the date of redemption, *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph (b), the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the requirement referred to in (i) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

(c) *Redemption at the option of the Issuer (Issuer Call)*

If the Issuer Call is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the Issuer may, having given:

(i) not less than 15 nor more than 30 days' notice (or such other period as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)) to the Noteholders in accordance with Condition 14 (*Notices*); and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Trustee and the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), subject, in the case of Subordinated Notes, to having obtained the prior approval of the CBN if required pursuant to the Applicable Banking Regulations, redeem all or some only (as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)) of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be). In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Bearer Notes or, in respect of definitive Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate nominal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date bears to the aggregate nominal amount of outstanding Notes on such date and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 (*Notices*) at least five days prior to the Selection Date.

(d) *Early Redemption of Subordinated Notes at the Option of the Issuer following a Capital Disqualification Event*

This Condition 7(d) only applies to Subordinated Notes.

If the Capital Disqualification Event Call is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), if a Capital Disqualification Event occurs, the Issuer may, at its option, having given not less than 30 nor more than 60 days' notice (or such other period as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)) to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), at any time redeem all but not some only of the Subordinated Notes, subject to having obtained the prior approval of the CBN if required pursuant to the Applicable Banking Regulations, at the principal amount then outstanding together with interest accrued to but excluding the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition 7(d), the Issuer shall deliver to the Trustee:

(i) a copy of the circular, notification, directive or other official policy communique evidencing such Capital Disqualification Event (a "**CBN Communication**"); and

(ii) a certificate signed by two directors of the Issuer stating that:

(A) the Issuer has consulted with the CBN following the release of the relevant CBN Communication;

(B) (if required by the Applicable Banking Regulations) the CBN has given its approval or the approval of the CBN is not required; and

(C) a Capital Disqualification Event has occurred, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions in this Condition 7(d), in which case it shall be conclusive and binding on the Noteholders.

For the purposes of this Condition 7(d), Condition 7(c) (*Redemption at the option of the Issuer* (*Issuer Call*)) and Condition 7(h) (*Purchases*):

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines, guidance notes, and policies relating to capital adequacy then in effect in Nigeria including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the CBN (whether or not such requirements, guidelines, guidance notes, or policies have the force of law and whether or not they are applied generally or specifically to the Issuer).

"**Capital Disqualification Event**" means if, as a result of any change in the Applicable Banking Regulations which are in effect on the date of the issue of the first Tranche of Notes of the relevant Series, or the application or official interpretation thereof, the principal amount outstanding of the relevant Subordinated Notes is fully excluded from inclusion as tier 2 capital of the Issuer under the Applicable Banking Regulations (save where such exclusion is only as a result of any application of limits on the inclusion of such securities in tier 2 capital).

(e) *Redemption at the option of the Noteholders (Investor Put)*

This Condition 7(e) only applies to Senior Notes.

If the Investor Put is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), upon the holder of any Note giving to the Issuer, in accordance with Condition 14 (*Notices*), not less than 30 nor more than 60 days' notice (or such other period as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7(e) in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of a particular Note, the holder of such Note must, if the Note is in definitive form and held outside Euroclear, Clearstream, Luxembourg and DTC, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), at any time during normal business hours of such Paying Agent, or as the case may be, the Registrar in accordance with the notice period specified in the paragraph immediately above, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent, or as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of a partial redemption of Registered Notes, the nominal amount thereof to be redeemed and an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b) (*Transfers of Registered Notes in definitive form*). If the relevant Note is in definitive bearer form the Put Notice must be accompanied by this Note together with all unmatured Coupons relating thereto. If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note, the holder of this Note must, within the notice period, give notice to any Paying Agent and the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any depository or common depositary, as the case may be, for any of them to any such Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time and, if the relevant Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to such Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC by a holder of any Note pursuant to this Condition 7(e) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7(e).

(f) *Redemption or Purchase at the option of the Noteholders on a Put Event (Change of Control Put)*

This Condition 7(f) only applies to Senior Notes.

If the Change of Control Put is specified as applicable in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), and if at any time while any Note remains outstanding:

(i) a Change of Control occurs; and

(ii) within the Change of Control Period:

(A) if the Notes are rated, a Rating Downgrade in respect of that Change of Control occurs; or

(B) if the Notes are not rated, a Negative Rating Event in respect of that Change of Control occurs (in either case, a "**Put Event**"),

each holder of the Notes shall have the option (unless, before the giving of the Put Event Notice (as defined below), the Issuer shall have given notice under Condition 7(b) (*Redemption for tax reasons*) to redeem the Notes) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) any of its Notes at their principal amount together with (or, where purchased, together with an amount equal to) interest accrued to but excluding the Put Date (as defined below). Registered Notes may be redeemed under this Condition 7(f) in any multiple of their lowest Specified Denomination. Such option (the "**Put Option**") shall operate as set out below.

If a Put Event occurs then, within 14 days of the occurrence of the Put Event, the Issuer shall, and upon the Trustee becoming so aware (and the Issuer having failed to do so) the Trustee may, and, if so requested by the holders of at least one fifth in principal amount of the Notes then outstanding, shall, give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 14 (*Notices*) specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, a holder of a Note must, if the Note is in definitive form and held outside Euroclear, Clearstream Luxembourg and/or DTC, deliver to the specified office of any Paying Agent (in the case of a Bearer Note) or the Registrar (in the case of a Registered Note) on any Business Day (as defined in Condition 5 (*Interest*)) falling within the period commencing on the occurrence of a Put Event and ending 60 days after such occurrence or, if later, 60 days after the date on which the Put Event Notice is given to Noteholders as required by this Condition 7(f) (the "**Put Period**"), a Put Notice in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 7(f) and, in the case of a partial redemption of a Registered Note, the nominal amount thereof to be redeemed and an address to which a new Registered Note in respect of the balance of such Registered Note is to be sent subject to and in accordance with the provisions of Condition 2(b) (*Transfers of Registered Notes in definitive form*). If the Note is in definitive bearer form, the Put Notice must be accompanied by this Note and all unmatured Coupons relating thereto. If the Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream Luxembourg or DTC, to exercise the right to require redemption of the Note the holder of the Note must, within the Put Period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream Luxembourg and/or DTC, as applicable (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any depositary or common depositary, as the case may be, for any of them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and/or DTC, as applicable from time to time and, if the Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

The Issuer shall at its option redeem or purchase (or procure the purchase of) the Notes the subject of each Put Event Notice given under this Condition 7(f) on the date (the "**Put Date**") which is seven days after the expiration of the Put Period unless previously redeemed or purchased and cancelled. A Put Event Notice given by a holder of any Note pursuant to this Condition 7(f) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7(f).

The Trustee shall not be required to take any steps to ascertain whether a Put Event or any event which could lead to the occurrence of a Put Event has occurred and will not be responsible or liable to Noteholders for any loss arising from any failure by it to do so.

For the purposes of this Condition 7(f):

"**Change of Control**" shall be deemed to have occurred if any person or any persons acting in concert, or any person or persons acting on behalf of any such persons, (the "**Relevant Person**") at any time directly or indirectly owns or acquires:

(iii) more than 50.0 per cent. of the issued or allotted ordinary share capital of the Issuer; or

(iv) shares in the capital of the Issuer carrying more than 50.0 per cent. of the voting rights normally exercisable at a general meeting of the Issuer, *provided that* a Change of Control shall be deemed not to have occurred if all or substantially all of the shareholders of the Relevant Person are, or immediately prior to the event which would otherwise have constituted a Change of Control were, the shareholders of the Issuer with the same (or substantially the same) *pro rata* interests in the share capital of the Relevant Person as such shareholders have, or as the case may be, had, in the share capital of the Issuer.

Notwithstanding the foregoing, in the event that, by virtue of any transaction or series of transactions effecting a restructuring of the Issuer's group (a "**Restructuring**"), any one or more holding companies (a "**New Holdco**") directly or indirectly acquires shares of the Issuer in circumstances that would otherwise give rise to a Change of Control, and, in consideration for the acquisition of those shares, allot shares in the New Holdco to the existing shareholders of the Issuer, (x) no Change of Control shall be deemed to occur and (y) following such Restructuring, any references to the Issuer in this definition of Change of Control shall be to the New Holdco.

"**Change of Control Period**" means the period commencing on the earlier of:

(i) the date of the relevant Change of Control; and

(ii) the date of the earliest Relevant Potential Change of Control Announcement (if any) and ending 180 days after the public announcement of the Change of Control having occurred.

"**Investment Grade Rating**" means a rating of at least BBB- (or equivalent thereof) in the case of S&P and Fitch (as defined below) or a rating of at least Baa3 (or equivalent thereof) in the case of Moody's (as defined below) or the equivalent rating in the case of any other Rating Agency.

"**Negative Rating Event**" shall be deemed to have occurred if:

(i) the Issuer does not within the Change of Control Period seek, and thereafter use all reasonable endeavours, to obtain from a Rating Agency, a rating in respect of the Notes; or

(ii) it does so seek a rating and use such endeavours and it has not at the expiry of the Change of Control Period and as a result of such Change of Control obtained a rating in respect of the Notes, *provided that* the Rating Agency publicly announces or publicly confirms in writing that its declining to assign a rating in respect of the Notes was the result of the applicable Change of Control.

"**Rating Agency**" means Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), Moody's Investors Services Limited ("**Moody's**") and Fitch Ratings Ltd. ("**Fitch**") or any of their affiliates or respective successors or any other rating agency of equivalent international standing specified from time to time by the Issuer, *provided that* references herein to a Rating Agency shall only be to such Rating Agency as shall have been appointed by or on behalf of the Issuer to maintain ratings for its senior unsecured debt (regardless of whether the appointment of the relevant Rating Agency continues at the time the relevant Rating Downgrade or Negative Rating Event, as applicable, has occurred) and shall not extend to any such Rating Agency providing ratings on an unsolicited basis.

"**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period the rating previously assigned to the Notes by any Rating Agency is:

(i) withdrawn and not subsequently reinstated within the Change of Control Period; or

(ii) lowered one full rating category (for example, from BB+ to BB by S&P or such similar lower or equivalent rating) and not subsequently upgraded within the Change of Control Period; or

(iii) (if the rating assigned to the Notes by any Rating Agency shall be an Investment Grade Rating) changed from an Investment Grade Rating to a non-Investment Grade Rating (for example, from BBB- to BB+ by S&P, or its equivalent for the time being, or worse) and not subsequently upgraded to an Investment Grade Rating within the Change of Control Period, *provided that* a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the withdrawal or reduction was the result of the applicable Change of Control.

"**Relevant Potential Change of Control Announcement**" means any public announcement or statement by or on behalf of the Issuer, or any actual or potential bidder or any advisor thereto relating to any potential Change of Control where, within 180 days of the date of such announcement or statement, a Change of Control occurs.

(g) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 10 (*Events of Default and Enforcement*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

(i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(ii) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) or, if no such amount or manner is so specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), at its nominal amount; or

(iii) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

Early Redemption Amount = $RP \times (1+AY)^y$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is a Day Count Fraction the numerator of which is equal to the number of days (calculated on the basis of a 360 day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).

(h) *Purchases*

The Issuer or any Subsidiary of the Issuer may at any time (subject in the case of Subordinated Notes to obtaining any consent that may be required by the CBN, if required pursuant to the Applicable Banking Regulations) purchase Notes (*provided that*, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

(i) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes surrendered pursuant to paragraph (h) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(j) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c), (d), (e) or (f) above or upon its becoming due and repayable as provided in Condition 10 (*Events of Default and Enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in subparagraph (g)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(A) the date on which all amounts due in respect of such Zero Coupon Note have been paid by the Issuer; and

(B) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

8. **Taxation**

All payments in respect of the Notes and Coupons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of or within any Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders or Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect to any Note or Coupon:

(a) presented or surrendered for payment (where presentation or surrender is required) in Nigeria; or

(b) held by or on behalf of a holder who is liable to the Taxes in respect of the Note or Coupon by reason of its having some connection with any Relevant Jurisdiction other than the mere holding of the Note or Coupon;

(c) presented or surrendered for payment (where presentation or surrender is required) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder would have been entitled to additional amounts on presenting or surrendering the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day (as defined in Condition 5 (*Interest*)); or

(d) held by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting or surrendering the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

(i) "**Relevant Date**" means the date on which the payment first becomes due, but if the full amount of the money payable has not been received by the Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 14 (*Notices*); and

(ii) "**Relevant Jurisdiction**" means the Federal Republic of Nigeria or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes or Coupons.

Notwithstanding any other provisions contained in these Conditions, each of the Issuer or any other person making payments on behalf of the Issuer shall be entitled to deduct and withhold as required, and shall not be required to pay any additional amounts with respect to any such withholding or deduction on or in respect of any Note that is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (commonly referred to as "**FATCA**"), or otherwise imposed pursuant to Sections 1471 through 1474 of FATCA, any treaty, law, regulation or other official guidance or interpretation thereof enacted by any jurisdiction implementing FATCA, any agreement between the Issuer or any other person and the United States or any jurisdiction implementing FATCA, or any law of any jurisdiction implementing an intergovernmental approach to FATCA.

9. Prescription

The Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) (*Presentation of definitive Bearer Notes and Coupons*) or any Talon which would be void pursuant to Condition 6(b) (*Presentation of definitive Bearer Notes and Coupons*).

10. Events of Default and Enforcement

(a) *Events of Default relating to the Senior Notes*

This Condition 10(a) only applies to Senior Notes.

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified, prefunded and/or provided with security to its satisfaction), (but, in the case of the occurrence of any of the events described in sub-paragraphs (ii) to (v) (other than the winding-up or dissolution of the Issuer) and, (vi) to (viii) inclusive and (xi) below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, if any of the following events shall occur and be continuing ("**Events of Default**"):

(i) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and, in the case of any default in the payment of interest, the default continues for a period of five Business Days; or

(ii) if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(iii) if:

(A) any Indebtedness of the Issuer or any Material Subsidiary becomes due and repayable prematurely by reason of an event of default (however described);

(B) the Issuer or any Material Subsidiary fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any originally applicable grace period;

(C) any security given by the Issuer or any Material Subsidiary for any Indebtedness becomes enforceable and steps are taken to enforce the same; or

(D) default is made by the Issuer or any Material Subsidiary in making any payment due under any Indebtedness consisting of any guarantee and/or indemnity given by it in relation to any Indebtedness of any other person, unless the aggregate amount of indebtedness relating to all the above events is less than U.S.$10,000,000 (or its equivalent in any other currency); or

(iv) if the aggregate amount of final non-appealable unsatisfied judgments, orders or arbitration awards against the Issuer and the Material Subsidiaries exceeds U.S.$10,000,000 (or its equivalent in any other currency) and such judgments, orders and/or arbitration awards are not discharged, satisfied and/or stayed within 30 days or, if later, the date therein specified for payment; or

(v) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any Material Subsidiary, save:

(A) for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or

(B) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent; or

(C) the Trustee is satisfied that the Issuer or Material Subsidiary, as the case may be, is contesting such order or resolution in good faith; or

(vi) if the Issuer or any Material Subsidiary ceases or threatens to cease to carry on the whole or a substantial part of its business, save, in the case of the Issuer, for a consolidation or merger (as defined in Condition 4(d) (*No Consolidation or Merger*)) consented to by the Trustee pursuant to, or permitted under, Condition 4(d) (*No Consolidation or Merger*) or, in any case, for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, or the Issuer or any Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(vii) if:

(A) proceedings are initiated against the Issuer or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any Material Subsidiary or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them, and

(B) in any such case (other than the appointment of an administrator) unless initiated by the relevant company, is not discharged within 30 days, save, in each case, or for the purposes of or pursuant to an amalgamation, reorganisation or restructuring of the Issuer whilst solvent or where the Trustee is satisfied that the Issuer or Material Subsidiary, as the case may be, is contesting such proceedings, application, appointment, taking of possession or process in good faith; or

(viii) if the Issuer or any Material Subsidiary (or their respective directors) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(ix)

(A) if the banking licence of the Issuer issued by the CBN is terminated, revoked or suspended and is not replaced; or

(B) any licence from any governmental authority which the Issuer or a Material Subsidiary holds and which is necessary for the Issuer or such Material Subsidiary to carry on its business, is terminated, revoked or suspended and in any such case is not replaced; or

(x)

(A) if all or a substantial part in the opinion of the Trustee, of the undertaking, assets and/or revenues of the Issuer or any Material Subsidiary is condemned, seized, nationalised or otherwise appropriated by any Person acting under the authority of any national, regional or local government; or

(B) the Issuer or any Material Subsidiary is prevented by any such Person from exercising normal control over all or any substantial part of its undertaking, assets and/or revenues (including where any government, Agency or court takes any action to the effect that the management of the Issuer or any Material Subsidiary is wholly or partially displaced or the authority of any such member of the Group in the conduct of its business is wholly or partially curtailed); or

(xi) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in sub-paragraphs (iv) to (viii) above.

(b) *Events of Default relating to Subordinated Notes*

This Condition 10(b) only applies to Subordinated Notes.

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an "**Event of Default**") shall occur:

(i) default is made in the payment of any principal or interest due in respect of the Subordinated Notes or any of them and, in the case of any default in the payment of interest, the default continues for a period of 5 Business Days; or

(ii) a Subordination Event occurs; or

(iii) any order is made by any competent court or resolution is passed for the winding-up, dissolution or liquidation of the Issuer,

declare all amounts due under the Notes immediately due and payable and:

(iv) in the case of sub-paragraph (i) above, at its discretion and without further notice institute proceedings for the Issuer to be declared bankrupt or insolvent or for there otherwise to be a Subordination Event, or for the Issuer's winding-up, dissolution or liquidation, and prove in the winding-up, dissolution or liquidation of the Issuer; and/or

(v) in the case of sub-paragraph (ii) or (iii) above, claim or prove in the winding-up, dissolution or liquidation of the Issuer,

but (in either case) may take no further or other action to enforce, claim or prove for any payment by the Issuer in respect of the Subordinated Notes and may only claim such payment in the winding-up, dissolution or liquidation of the Issuer.

(c) *Enforcement of Senior Notes*

This Condition 10(c) only applies to Senior Notes.

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless:

(i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding; and

(ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(d) *Enforcement of Subordinated Notes*

This Condition 10(d) only applies to Subordinated Notes.

In addition to its rights under Condition 10(b) (*Events of Default relating to Subordinated Notes*) above, the Trustee may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the terms of the Notes (other than any obligation for the payment of any principal or interest in respect of the Notes) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums in respect of any breach of any such obligation, condition or provision sooner than the same would otherwise have been payable by it pursuant to the Events of Default set out in Conditions 10(b)(i) to (iii).

(e) *No direct proceedings*

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer to enforce the provisions of the Trust Deed unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing, in which case the Noteholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise.

11. Replacement of Notes, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer, Registrar and/or Principal Paying Agent may require (*provided that* the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. Agents

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, *provided that*:

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any Stock Exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the Stock Exchange; and

(c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(e) (*General provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

14. Notices

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and, if the Bearer Notes are admitted to the Official List of the United Kingdom Financial Conduct Authority (the "**FCA**") and/or admitted to trading on the main market of the London Stock Exchange, if filed with the London Stock Exchange through a regulatory information service. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any other Stock Exchange on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail (or its equivalent) or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, and, if the Registered Notes are admitted to the Official List of the FCA and/or admitted to trading on the main market of the London Stock Exchange, if filed with the London Stock Exchange through a regulatory information service. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any other stock exchange or other relevant authority on which the Registered Notes are for the time being listed or by which they have been admitted to trading.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) or such delivery by mail or airmail by the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a Stock Exchange and the rules of that Stock Exchange so require, such notice will be published in a manner which complies with those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second business day (being, for the purposes of this paragraph of this Condition 14, a day on which Euroclear, Clearstream, Luxembourg and DTC are open for business) after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

15. **Meetings of Noteholders, Modification and Waiver**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matters relating to the Notes including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee or Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in aggregate nominal amount of the Notes for the time being outstanding, or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the aggregate nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including, without limitation, (a) modifying the date of maturity of the Notes or any date for payment of interest thereon, (b) reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes (other than any variation arising from the discontinuation of any interest rate benchmark used to determine the amount of any payment in respect of the Notes), or (c) altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two thirds in aggregate nominal amount of the Notes for the time being outstanding, or, at any adjourned such meeting one or more persons holding or representing not less than one third in aggregate nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting and on all Couponholders. References to "**meeting**" shall include a meeting conducted by means of video or telephone conference facilities.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than three-quarters in aggregate nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Trust Deed also provides that, subject to the terms therein, a resolution approved by an Electronic Consent communicated through the electronic communications systems of the relevant clearing system by or on behalf of not less than three-quarters in aggregate nominal amount of the Notes outstanding shall take effect as an Extraordinary Resolution.

16. Substitution

The Trustee may at any time and without further notice or formality, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition 16) as the principal debtor under the Notes, the Coupons and the Trust Deed of any of the Issuer's Subsidiaries or the Issuer's successor in business (the "**New Company**") subject to certain conditions set out in the Trust Deed being complied with, including a requirement for the Issuer or the Issuer's successor in business (as the case may be) to unconditionally and irrevocably guarantee the obligations of the New Company (unless the Issuer's successor in business is the New Company) under the Trust Deed and the Notes, such guarantee being, in the case of Subordinated Notes, subordinated on a basis considered by the Trustee to be equivalent to that referred to in Condition 3(b) in respect of the Issuer's obligations in respect of Subordinated Notes.

17. Indemnification of the Trustee and Trustee Contracting with the Issuer

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*:

(a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries;

(b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders; and

(c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

18. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes; *provided that* any such further Notes of a relevant Series that are not fungible with the existing Notes of such Series for U.S. federal income tax purposes shall be issued under a separate ISIN, CUSIP or other applicable identifying number.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. Governing Law and Submission to Jurisdiction

(a) *Governing law*

The Trust Deed, the Agency Agreement, the Notes (except for Condition 3(b) (*Status of the Subordinated Notes*) which shall be governed by, and construed in accordance with, Nigerian law) and the Coupons, and any non-contractual obligations arising out of or in connection with any of them, are governed by, and shall be construed in accordance with, English law.

(b) *Submission to jurisdiction*

The Issuer has irrevocably agreed, for the benefit of the Trustee, the Noteholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and/or the Coupons or any non-contractual obligation arising out of or in connection with them and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders may take any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Trust Deed, the Notes and the Coupons against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions if and to the extent permitted by law.

(c) *Appointment of process agent*

The Issuer appoints The Access Bank UK Limited at 4 Royal Court, Gadbrook Park, Northwich, Cheshire, CW9 7UT, as its process agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to or received by the Issuer). The Issuer undertakes that, in the event of such agent ceasing so to act (for any reason whatsoever), it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

(d) *Other documents*

The Issuer has in the Trust Deed and the Agency Agreement submitted to the jurisdiction of the courts of England and appointed an agent for service of process in terms substantially similar to those set out above.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form ("**Bearer Notes**"), with or without interest coupons attached, or registered form, without interest coupons attached ("**Registered Notes**"). Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or Section 4(a)(2) under the Securities Act.

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global note (a "**Temporary Global Note**") or, if so specified in the relevant Final Terms or the relevant Drawdown Prospectus, a permanent global note (a "**Permanent Global Note**", together with the Temporary Global Note, "**Bearer Global Notes**") which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A ("**Clearstream, Luxembourg**").

Bearer Notes will only be delivered outside the United States and its possessions.

Whilst any Bearer Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will only be made (against presentation of the Temporary Global Note) outside the United States and its possessions and only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury Regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the relevant Final Terms or the relevant Drawdown Prospectus and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the relevant Final Terms or the relevant Drawdown Prospectus), in each case against certification of beneficial ownership as described above unless such certification has already been given. Notes in Bearer Form will only be delivered outside the United States and its possessions. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made only outside the United States and its possessions through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note) without any requirement for certification.

The relevant Final Terms or the relevant Drawdown Prospectus will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 10 (*Events of Default and Enforcement*)) has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form and a certificate to that effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days (including unilateral roll-overs and extensions) and on all interest coupons or Talons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".

The sections of the Code referred to in the legend above provide that U.S. Holders (as defined in "*Taxation—United States*"), with certain limited exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a "**Regulation S Global Note**"). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Notes*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche offered and sold in reliance on Rule 144A may only be offered and sold in the United States or to U.S. persons in private transactions (i) to QIBs or (ii) to Institutional Accredited Investors who agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a "**Rule 144A Global Note**" and, together with a Regulation S Global Note, the "**Registered Global Notes**").

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC or (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the relevant Final Terms or the relevant Drawdown Prospectus. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof ("**Definitive IAI Registered Notes**"). Unless otherwise set forth in the relevant Final Terms or the relevant Drawdown Prospectus, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.$500,000 and integral multiples of U.S.$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under "*Subscription and Sale and Transfer and Selling Restrictions*". Institutional Accredited Investors that hold Definitive IAI Registered Notes may elect to hold such Notes through DTC, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144 under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under "*Subscription and Sale and Transfer and Selling Restrictions*". The Rule 144A Global Note and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6(d) (*Payments—Payments in respect of Registered Notes*)) as the registered holder of the Registered Global Notes. None of the Bank, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6(d) (*Payments—Payments in respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system satisfactory to the Trustee is available or DTC has ceased to constitute a clearing agency registered under the Securities Exchange Act of 1934 (as amended) ("**Exchange Act**"), (iii) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form and a certificate to that effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions. See** "***Subscription and Sale and Transfer and Selling Restrictions***".

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a temporary common code and ISIN and, where applicable, a temporary CUSIP number which are different from the common code, ISIN and CUSIP assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the relevant Final Terms or the relevant Drawdown Prospectus or as may otherwise be approved by the Issuer, the Agent and the Trustee.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

The following Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]."

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][1]

[**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of the United Kingdom domestic law by virtue of the [European Union (Withdrawal) Act 2018 ("**EUWA**")] [EUWA] ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][2]

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [MiFID II][Directive 2014/65/EU (as amended, "**MiFID II**")]; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the [European Union (Withdrawal) Act 2018 ("**EUWA**")] [EUWA]; (ii) a customer within the meaning of the provisions of the [Financial Services and Markets Act 2000 (the "**FSMA**")] [FSMA] and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the United Kingdom domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the United Kingdom domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and

1 Legend to be included following completion of the target market assessment in respect of the Notes.

2 Legend to be included following completion of the target market assessment in respect of the Notes.

therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE** "**SFA**") - Pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)].

[*Date*]

ACCESS BANK PLC

Legal Entity Identifier (LEI): 029200328C3N9YI2D660

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.$ 1,500,000,000
Global Medium Term Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 13 September 2021 [and the supplemental Prospectus dated [•]] ([together,] the "**Base Prospectus**") which [together] constitute[s] a base prospectus for the purposes of the Regulation (EU) 2017/1129 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**UK Prospectus Regulation**"). [This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation Rules sourcebook in the FCA Handbook (the "**UK Prospectus Rules**") and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus][3]. [This document does not constitute the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation, as these Notes are not being issued pursuant to the UK Prospectus Regulation. This document must be read in conjunction with the Base Prospectus][4]. The Base Prospectus and Final Terms have been published on the website of London Stock Exchange.

[*The following alternative language applies if the first Tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date*.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Base Prospectus [dated [original date] [and the supplement(s) dated [date(s)]] which are incorporated by reference in the Base Prospectus].

[*Include whichever of the following apply or specify as* "*Not Applicable*". *Note that the numbering should remain as set out below, even if* "*Not Applicable*" *is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.*]

1.	Issuer:		Access Bank Plc
2.	(a)	Series Number:	[•]
	(b)	Tranche Number:	[•]
	(c)	Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series*] on [[*insert date*]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below [which is expected to occur on or about [*insert date*]].]
	(d)	Trade Date:	[•]

3 Include this wording where the Notes are to be issued pursuant to the Prospectus Regulation.
4 Include this wording where the Notes are not to be issued pursuant to the Prospectus Regulation

3.	Specified Currency or Currencies:		[•]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[•]
	(b)	[Tranche]:	[•]
5.	Issue Price:		[•]% of the aggregate nominal amount [plus accrued interest from [*insert date*] *(if applicable)*]
6.	(a)	Specified Denominations:	[•] (*N.B. Where Bearer Notes with multiple denominations above [€100,000] or equivalent are being used the following language should be used):* ("*[€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]*") (*in the case of Registered Notes, this means the minimum integral amount in which transfers can be made*)
	(b)	Calculation Amount:	[•] (*If there is only one Specified Denomination, insert that Specified Denomination. If there is more than one Specified Denomination, insert the highest common factor. N.B. there must be a common factor in the case of two or more Specified Denominations*)
7.	(a)	Issue Date:	[•]
	(b)	Interest Commencement Date	[[*specify*]/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
8.	Maturity Date:		[*Fixed rate – specify date/Floating rate –* Interest Payment Date falling in or nearest to [*specify month and year*]]
9.	Interest Basis:		[[•]% Fixed Rate] [Reset Notes] [•] month [LIBOR/EURIBOR] +/- [•]% [Floating Rate] [Zero Coupon] (See *paragraph 14/15/16/17* below)
10.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100% of their nominal amount
11.	Change of Interest Basis or Redemption/Payment Basis:		[For the period from (and including) the Interest Commencement Date, up to (but excluding) [•], paragraph [14/15/16/17] below applies, and, for the period from (and including) [•] up to (and including) the Maturity Date, paragraph [14/15/16/17] below applies]/[Not Applicable]
12.	Put/Call Options:		[Not Applicable] [Investor Put] [Change of Control Put] (*Note: this will only be applicable in the case of Senior Notes*) [Issuer Call]

			[Capital Disqualification Event Call] (*Note: this will only be applicable in the case of Subordinated Notes*) [(See *paragraph*[*s*] [*19/20/*21] below)]
13.	(a)	Status of the Notes:	[Senior/Subordinated], unsecured
	(b)	Date Board approval for issuance of Notes obtained:	[•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate[(s)] of Interest:	[•]% per annum [payable [[annually/semi-annually/quarterly/specify other] in arrear]]
	(b)	Interest Payment Date(s):	[[•][, [•], [•]] [and [•]] in each year[, commencing on [•], up to and including the [Maturity Date]/[•]]] (*N.B. This will need to be amended in the case of long or short coupons*)
	(c)	Fixed Coupon Amount(s):	[•] per Calculation Amount (*Applicable to Notes in definitive form.*)
	(d)	Broken Amount(s):	[[•] per Calculation Amount payable on the Interest Payment Date falling in/on [•]][Not Applicable] (*Applicable to Notes in definitive form.*)
	(e)	Day Count Fraction:	[Actual/Actual (ICMA)] / [30/360]
	(f)	[Determination Date(s):]	[[•] in each year][Not Applicable] (*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon* *N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration* *N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
15.	Reset Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Initial Rate of Interest:	[•]% per annum [payable [[annually/semi-annually/quarterly/specify other] in arrear]]
	(b)	First Reset Margin:	[+/-][•]% per annum
	(c)	Subsequent Reset Margin:	[[+/-][•]% per annum/ Not Applicable]
	(d)	Interest Payment Date(s):	[[•] in each year and up to and including the Maturity Date] (*NB: This will need to be amended in the case of long or short coupons*)
	(e)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[•] per Calculation Amount
	(f)	Broken Amount(s) up to (but excluding) the First Reset Date:	[[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]]/[Not Applicable]
	(g)	First Reset Date:	[•]
	(h)	Second Reset Date:	[[•]/Not Applicable]
	(i)	Subsequent Reset Date(s):	[[•] [and [•]]/Not Applicable]
	(j)	Relevant Screen Page:	[•]
	(k)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
	(l)	Mid-Swap Maturity:	[•]
	(m)	Mid-Swap Floating Leg Benchmark Rate:	[•]

	(n)	Reset Determination Date(s):	[•] (*specify in relation to each Reset Date*)
	(o)	Relevant Time:	[•]
	(p)	Day Count Fraction:	[30/360] / [Actual/Actual (ICMA)]
	(q)	Determination Date(s):	[•] in each year [*Insert interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon] (NB: this will need to be amended in the case of regular interest payment dates which are not of equal duration) (NB: only relevant where Day Count Fraction is Actual/Actual (ICMA))*
	(r)	Reference Rate Replacement:	[Applicable/Not Applicable]
	(s)	Additional Business Centre:	[[•]/Not Applicable]
	(t)	Party responsible for calculating the Rate of Interest and Reset Notes Interest Amount (if not the Fiscal Agent):	[•]
16.	Floating Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Specified Period	[•] [subject to adjustment in accordance with the Business Day Convention set out in (c) below/not subject to any adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable] [Not Applicable] (*Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert* "*Not Applicable*")
	(b)	Specified Interest Payment Dates:	[•][, [•], [•]] [and [•]] in each year, commencing on [•], up to and including the [Maturity Date/[•]]] [subject to adjustment in accordance with the Business Day Convention set out in (c) below/not subject to any adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable] [Not Applicable] (*Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert* "*Not Applicable*")
	(c)	Business Day Convention	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
	(d)	Additional Business Centre(s):	[•]
	(e)	Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination] [•]

(f)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[•]
(g)	Screen Rate Determination:	
	• Reference Rate:	[[•] month][LIBOR/EURIBOR]
	• Interest Determination Date(s):	[Second London business day prior to the start of each Interest Period]/[First day of each Interest Period] [Second day on which the TARGET2 System is open prior to the start of each Interest Period] [Second Lagos business day prior to the start of each Interest Period]/[First day of each Interest Period] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second if EURIBOR or euro LIBOR, and second Lagos business day prior to the start of each Interest Period if NIBOR*) [•]
	• Relevant Screen Page:	[•] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
	• Relevant Financial Centre:	[London/Brussels/*specify other*]
	• Reference Rate Replacement:	[Applicable/Not Applicable]
(h)	ISDA Determination:	
	• Floating Rate Option:	[•]
	• Designated Maturity:	[•] (*Only applicable where the Floating Rate Option is not an overnight rate*) (*If specified Designated Maturity applies to some Interest Accrual Periods only, repeat on subsequent rows until all relevant Interest Accrual Periods are specified*)
	• Reset Date:	[•] (*Only applicable where the Floating Rate Option is not an overnight rate, otherwise the Reset Date is set as the last day of the relevant Interest Period*)
	• Compounding:	[Applicable][Not Applicable] (*Only applicable where the Floating Rate Option is an overnight rate*)
	(I) OIS Compounding:	[Applicable][Not Applicable]
	(II) Compounding with Lookback:	[Applicable][Not Applicable]

			Lookback: [•] (*If no number is specified, and there is no default applicable to the Floating Rate Option, the default value will be five*)
(III)		Compounding with Observation Period Shift:	[Applicable][Not Applicable] Observation Period Shift: [•] (*If no number is specified, and there is no default applicable to the Floating Rate Option, the default value will be five*) [Observation Period Shift Additional Business Day: [•]] Set in Advance: [Applicable][Not Applicable]
(IV)		Compounding with Lockout:	[Applicable][Not Applicable] Lockout: [•] (*If no number is specified, and there is no default applicable to the Floating Rate Option, the default value will be five*)
•	Averaging:		[Applicable][Not Applicable]
	(I)	Overnight Average:	[Applicable][Not Applicable]
	(II)	Averaging with Lookback:	[Applicable][Not Applicable] Lookback: [•] (*If no number is specified, and there is no default applicable to the Floating Rate Optioi the default value will be five*)
	(III)	Averaging with Observatio n Period Shift:	[Applicable][Not Applicable] Observation Period Shift: [•] *(If no number is specified, and there is no default applicable to the Floating Rate Option, the default value will be five)* [Observation Period Shift Additional Business Day: [•]] Set in Advance: [Applicable][Not Applicable]
	(IV)	Averaging with Lockout:	[Applicable][Not Applicable] Lockout: [•]

			(*If no number is specified, and there is no default applicable to the Floating Rate Option, the default value will be five*)
	(i)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation *(specify for each short or long interest period*)]
	(j)	Margin(s):	[+/-] [•]% per annum
	(k)	Minimum Rate of Interest:	[[•]% per annum][Not Applicable]
	(l)	Maximum Rate of Interest:	[[•]% per annum][Not Applicable]
	(m)	Day Count Fraction:	[Actual/Actual (ISDA)] / [Actual/Actual] / [Actual/365 (Fixed)] / [Actual/365 (Sterling)] / [Actual/360] / [30/360] / [360/360] / [Bond Basis]/ [30E/360] / [Eurobond Basis] / [30E/360 (ISDA)]
	(n)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•]
17.	Zero Coupon Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Accrual Yield:	[•]% per annum
	(b)	Reference Price:	[•]
	Day Count Fraction in relation to Early Redemption Amounts and late payment:		[Conditions 7(g) (*Redemption and Purchase—Early Redemption Amounts*) and 7(j) (*Redemption and Purchase—Late payment on Zero Coupon Notes*) apply] [30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

18.	Notice Periods for Condition 7(b) (*Redemption and Purchase – Redemption for tax reasons*):		[Minimum period: [30]/[•] days Maximum period: [60]/[•] days] [[•] days] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee*)
19.	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[•]
	(b)	Optional Redemption Amount(s):	[[•] per Calculation Amount]

	(c)	If redeemable in part:	[Not Applicable]/[Applicable]
		(i) Minimum Redemption Amount:	[[•] per Calculation Amount]/[Not Applicable]
		(ii) Maximum Redemption Amount:	[[•] per Calculation Amount]/[Not Applicable]
	(d)	Notice periods:	[Minimum period: [15]/[•] days Maximum period: [30]/[•] days] [[•] days] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee*)
20.		Capital Disqualification Event Call:	[Applicable/Not Applicable] (*This item will only be applicable in connection with the issue of Subordinated Notes. If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Notice periods:	[Minimum period: [30]/[•] days Maximum period: [60]/[•] days] [[•] days] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee*)
21.		Investor Put:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[•]
	(b)	Optional Redemption Amount(s):	[[•] per Calculation Amount]
	(c)	Notice periods:	[Minimum period: [15]/[•] days Maximum period: [30]/[•] days] [[•] days] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
22.		Final Redemption Amount:	[[•] per Calculation Amount]
23.		Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[As set out in Condition 7(g) (*Redemption and Purchase – Early Redemption Amounts*)]/[[•] per Calculation Amount]

PROVISIONS RELATING TO SUBORDINATED NOTES

24.	Covenants applicable to Subordinated Notes:	[Not Applicable]/[Condition 4(b) (*Covenants— Restricted Payments*)]/[Condition 4(c) (*Covenants—Capital Adequacy*)]/[Condition 4(d) (*No Consolidation or Merger*)]/[Condition 4(e) (*Covenants—Disposals*)]/[Condition 4(f) (*Covenants—Transactions with Affiliates*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	[Bearer Notes]: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Bearer Notes only upon an Exchange Event] [Temporary Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Bearer Notes only upon an Exchange Event] (*N.B. The following Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by Temporary Global Note exchangeable for Definitive Notes:* "*[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]*".) [Registered Notes: [Regulation S Global Note ([U.S.$][€][•] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]] [Rule 144A Global Note (U.S.$[•] nominal amount) registered in the name of a nominee for [DTC]] [Definitive IAI Registered Notes (*specify nominal amounts*)]]
26.	Additional Financial Centre(s):	[Not Applicable/*give details*] (*Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub paragraph 16(c) relates*)
27.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, [a] Talon[s] may be required, if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the main market of the London Stock Exchange and listing on the Official List of the FCA described herein pursuant to the U.S.$1,500,000,000 Global Medium Term Note Programme of Access Bank Plc.

THIRD-PARTY INFORMATION

[[*Relevant third-party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of **ACCESS BANK PLC**:

....
By:
Duly authorised

PART B — OTHER INFORMATION

1.	**LISTING AND ADMISSION TO TRADING**	
	(i) Listing:	[London Stock Exchange]/[Not applicable.]
	(ii) Admission to trading:	[Application [has been made/is expected to be made] [by the Issuer/on behalf of the Issuer] for the Notes to be admitted to trading on the main market of the London Stock Exchange with effect from [•].]/[Not applicable.]
	(iii) Estimate of total expenses related to admission to trading:	[•]
2.	**RATINGS**	
	Ratings:	[The Notes to be issued have not been rated.] [The Notes to be issued [have been rated/are expected to be rated]: [[•]: [•]] [[•]: [•]] [[•]: [•]] [***NTD***: ***Rating agency names to be included***] [[*Insert credit rating agency*] is established in the EEA and is registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").] [[*Insert credit rating agency*] is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")] [[*Insert credit rating agency*] is established in the [EEA]/[United Kingdom] and has applied for registration under [Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**")]/[Regulation (EC) No. 1060/2009 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")], although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.] [[*Insert credit rating agency*] is not established in the [EEA]/[United Kingdom] and has not applied for registration under [Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**")]/[Regulation (EC) No. 1060/2009 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")] but the rating issued by it is endorsed by [*insert endorsing credit rating agency*] which is established in the [European Union]/[United Kingdom] and [is registered under the [CRA Regulation]/[UK CRA Regulation]] [has applied for registration under the [CRA Regulation]/[UK CRA Regulation], although notification of the corresponding registration decision has not yet been provided by the relevant competent authority]. [[*Insert credit rating agency*] is not established in the [EEA]/[United Kingdom] and has not applied for registration under [Regulation (EU) No

		1060/2009, as amended (the "**CRA Regulation**")]/[Regulation (EC) No. 1060/2009 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")] but is certified in accordance with the [CRA Regulation]/[UK CRA Regulation].

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save [for any fees payable to the [Managers/Dealers]][as discussed in "*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]]/[Not Applicable]/[•]

(*When adding any other description consideration should be given as to whether such matters described constitute "**significant new factors**" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.*)

4. YIELD (Fixed Rate Notes only)

[Indication of yield:	[•]
[Not Applicable]	The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. OPERATIONAL INFORMATION

(i)	ISIN Code(s):	[•]
(ii)	Common Code(s):	[•]
(iii)	CUSIP:	[•]/[Not Applicable]
(iv)	CINS:	[•]/[Not Applicable]
(iv)	CFI:	[•]/[Not Applicable]
(iv)	FISN:	[•]/[Not Applicable]
(v)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A./The Depository Trust Company and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[•]
(viii)	Name and address of Registrar:	Citibank Europe Plc

6. DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii)	Date of [Subscription] Agreement:	[•]
(iv)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
(v)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*] (*Include for syndicated issues of Notes only*)
(vii)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2][Rule 144A][Section 4(a)(2)][Rules identical to those provided in TEFRA C/TEFRA D/TEFRA not applicable]

7. REASONS FOR THE OFFER AND NET PROCEEDS

(i)	Reasons for the offer:	[General corporate purposes]/[•]

		(*See* "*Use of Proceeds*" *wording in the Base Prospectus. If the reasons for the offer are different than those reasons will need to be stated here.*)
(ii)	Net Proceeds (including after deduction of any fees and expenses for the Managers and Financial Advisers):	[•]

USE OF PROCEEDS

The net proceeds from each issue of Notes under the Programme will be used by the Bank for its general banking purposes.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's capitalisation and indebtedness as at 30 June 2021. No account has been taken of any trading activity or other transactions since 30 June 2021. Prospective investors should read this table together with the Financial Statements, included elsewhere in this Base Prospectus.

	As at 30 June 2021
	(₦ thousands)
Liabilities:	
Deposits from financial institutions	1,758,573,492
Deposits from customers	5,974,755,925
Derivative financial instruments	10,099,966
Current tax liabilities	2,564,906
Other liabilities	492,536,093
Deferred tax liabilities	15,501,952
Debt securities issued	177,860,278
Interest-bearing loans and borrowings	842,541,570
Retirement benefit obligations	**4,983,041**
Total liabilities	**9,279,417,223**
Equity attributable to equity holders of the parent:	
Share capital and share premium	251,811,463
Retained earnings	331,044,522
Other components of equity	181,569,937
Total equity attributable to equity holders of the parent	**764,425,922**
Non-controlling interest	11,007,105
Total equity	**775,433,027**
Total capitalisation	**10,054,850,250**

There has been no material change in the Group's capitalisation and indebtedness since 30 June 2021.

DESCRIPTION OF THE GROUP

Overview

The Bank is a full service commercial bank operating through a network of 729 branches and service outlets, spanning three continents, 12 countries and 42 million customers as at 30 June 2021. The Bank employs over 28,000 people in its operations in Nigeria, sub-Saharan Africa and the United Kingdom, with representative offices in China, Lebanon, India and the UAE. The Group provides a wide range of banking and other financial services to over 42 million customers from 729 branches and service centres with total assets of ₦10.05 trillion, all as at 30 June 2021. The Group's strategy focuses on the pursuit of building sustainable practices, innovation, superior service delivery and employee empowerment.

As at 30 June 2021, the Group had over 900,000 shareholders comprising Nigerian and international institutional investors, and has had a strong growth trajectory in the past twelve years. The Group's debt instruments are listed on the London Stock Exchange, The NGX, the Luxembourg Stock Exchange, the Luxembourg Stock Exchange and the Irish Stock Exchange, and, as at the date of this Base Prospectus, the Bank had a credit rating of B- from S&P, B from Fitch and B2 from Moody's.

The Group's financial products and services include corporate and trade finance operations, treasury and investment services, retail banking products and services (including current and savings accounts, credit cards, ATM services, electronic banking and retail lending), money market activities and private banking services/wealth management.

The Group applies a VCM which it views as a key competitive differentiator to acquire and retain market share, by aiming to develop and align its products and services to the activities of its corporate clients and various stakeholders who participate in creating value for these corporate clients, such as suppliers, distributors, customers, employees (including their family members) and shareholders of such corporate clients, as well as government authorities and regulators who interact with those corporate clients. Each SBU is encouraged to seek to extend the VCM to stakeholders who may not be its immediate customers in partnership with other SBUs. For example, the Commercial Banking SBU, which primarily serves private and public sector business, would be encouraged to collaborate with the Retail Banking SBU to build relationships with potential new clients who may be employees of the private and public sector businesses. This collaboration has permitted the continued development and launch of products tailored to customers across the value chain and which are offered in key growth sectors and markets for the Bank.

The Group's main business activities are served by the following SBUs:

- ***Corporate and Investment Banking***: Management believes that the Corporate and Investment Banking SBU has become one of the largest support bases for institutional clients that are driving change in Nigeria through infrastructure development projects, the construction of improved transportation links and other commercial and real estate developments. The Corporate and Investment Banking SBU primarily serves multinational, large local and foreign-owned companies with a minimum annual turnover of ₦10 billion. The Corporate and Investment Banking SBU continues to seek long-term partnerships with such clients across key growth sectors of the Nigerian economy, particularly oil and gas, telecommunications, power and infrastructure and food and beverages, as well as transport and household utilities. In addition, the Corporate and Investment Banking SBU's treasury team provides solutions to address corporate client needs across funding, foreign exchange, liquidity, investment, hedging and other risks. This SBU also provides customised financial solutions to complex funding challenges of large corporate clients in key sectors of the Nigerian economy and is responsible for the Group's relationships with domestic and international financial institutions (including DFIs).

- ***Commercial Banking***: As at 30 June 2021, the Commercial Banking SBU is the largest market-facing business that operates within the Group. This SBU offers specialised business solutions and bespoke financial services to support the needs of its target markets, namely general commerce/trading, manufacturing, construction, hospitality and lifestyle (such as hotels and restaurants), the public sector and the Asian market. The Commercial Banking SBU primarily serves:

    - private sector businesses, consisting of local and foreign-owned institutions operating within the Group's identified market segments with a minimum annual business turnover of ₦1 billion (excluding companies that meet the Corporate and Investment Banking SBU's customer criteria); and

- public sector, federal, state and local government (including ministries, departments and agencies) and government-affiliated businesses.

- ***Business Banking***: The Business Banking SBU focuses on companies and SMEs with an annual turnover of not more than ₦1 billion. The Business Banking SBU's target market model focuses on the implementation of a holistic SME partnership and advisory programme while extending its global facility framework to cover the SME segment of the value chain of selected corporate and commercial banking customers.

- ***Retail Banking***: With a retail banking focus, the Retail Banking SBU offers integrated products and services to ultra-high and high net worth individuals, affluent professionals, employees in the value chain of the Group's corporate clients, as well as students, pensioners and informal traders. This SBU also provides international money transfer services through the Group's franchise business primarily for remittance services, utilities and government revenue collection, as well as development banking with an emphasis on non-governmental organisations.

The following table lists each SBU and their relevant shares of the Group's total net revenue, outstanding customer loans and deposits, all as at 30 June 2021 and 31 December 2020:

	As at 30 June 2021				
	% of the Group's Revenue	**Loans**	**% of the Group's Outstanding Loans**	**Deposits**	**% of the Group's Deposits**
	(₦ millions, except percentages)				
Corporate and Investment Banking	37.3%	1,789,445	44.8%	1,844,845	30.9%
Commercial Banking	30.9%	1,833,058	45.9%	1,281,219	21.4%
Business Banking	5.5%	156,098	3.9%	480,698	8.0%
Retail Banking	26.3%	212,367	5.3%	2,367,994	39.6%
Unallocated Segments[(1)]	0%	0	0%	0	0%
Total	**100%**	**3,990,968**	**100%**	**5,974,756**	**100%**

	31 December 2020				
	% of the Group's Revenue	**Loans**	**% of the Group's Outstanding Loans**	**Deposits**	**% of the Group's Deposits**
	(₦ millions, except percentages)				
Corporate and Investment Banking	37.9%	1,399,423	38.8%	1,859,947	33.3%
Commercial Banking	29.3%	1,968,269	54.5%	1,292,934	23.1%
Business Banking	7.6%	139,724	3.9%	509,183	9.1%
Retail Banking	25.1%	103,512	2.9%	1,925,354	34.5%
Unallocated Segments[(1)]	0%	0	0%	0	0.00%
Total	**100%**	**3,610,928**	**100%**	**5,587,418**	**100%**

(1) Other includes other activities not allocated to specific SBUs.

The Group's core business segments are supported by its Operations and IT division which provides transaction processing services and technical support and infrastructure for the rest of the Group's divisions. Services provided include, amongst other things, payment and collections services and trade finance services. See "*—Description of Business—IT and Operations*".

In 2019, the Group saw the opportunity to accelerate its five-year plan with the merger of Diamond Bank, Nigerian's leading retail bank with 19 million customers, including 10 million mobile customers, and a strong reputation for data analytics and technological innovation.

The Bank's five-year strategy (2018-2022) aims to position the Bank as "Africa's Gateway to the World" and the most respected African bank globally. Recently, this has included its expansion through acquisitions in Kenya, Mozambique, South Africa and Botswana.

The Bank was incorporated as a private limited liability company on 8 February 1989, with registration number RC 125384, and commenced business on 11 May 1989. The Bank was converted to a public limited liability company on 24 March 1998 and its shares were listed on the NGX on 18 November 1998. The Bank was issued a universal banking licence by the CBN on 5 February 2001, and applied for and received an approval from the CBN on 5 February 2014, under the new CBN licensing regime (as described below).

The Bank's registered office is located at 14/15 Prince Alaba Abiodun Oniru Rd, Victoria Island 100212, Lagos and its telephone number is +234 1- 2712005-7.

History

The Group commenced operations in Nigeria as a privately held bank in 1989. In November 1998, the Bank was listed on the NGX through an initial public offering of its shares through which it raised over ₦715 million. The Bank used the proceeds of the initial public offering, as well as a further ₦2.1 billion raised through a combination of public offerings and bonus issues between 2001 and 2005, to fund its branch expansion, invest in working capital and upgrade its information technology systems.

The Bank obtained a universal banking licence from the CBN on 5 February 2001. In 2002, the Bank embarked upon a plan of rapid growth (its "**Strategic Transformation Agenda**") in order to reposition itself in line with its strategy to become one of Nigeria's leading financial institutions and top three banks by 2012. The Bank's current Managing Director and former Managing Director were appointed to the Board of Directors in 2002 in order to progress this mandated strategy for the Group, recruiting additional members from leading local and international banks as part of its management team.

The Bank was appointed a settlement bank by the CBN in February 2006, as well as a primary dealer/market-maker for FGN Bonds by the DMO in June 2006.

From 2001 to August 2005, the Bank undertook a series of capital raisings and recapitalisation processes aimed at meeting the then minimum capital requirements of ₦2 billion and then ₦25 billion set by the CBN (including as part of its recapitalisation and consolidation plan for the Nigerian banking industry in 2004), through a combination of public issues and bonus issues of approximately ₦15.0 billion in aggregate.

In December 2005, the Bank acquired Capital Bank International Plc (formerly Commercial Bank Credit Lyonnaise Limited) and Marina International Bank Limited, raising approximately ₦12.1 billion of capital in connection with these acquisitions.

From 2006, the Bank proceeded to further expand its branch network (in particular, expanding its retail division through opening more branches), invested in its subsidiaries and pursued business strategies such as acquiring the assets (such as branches and deposits) and liabilities of selected financial institutions which did not meet the ₦25 billion minimum capital requirements imposed by the CBN. In order to further fund its strategic growth objectives, the Bank made a public offer by way of subscription and raised over ₦136 billion, including by means of a U.S.$300 million global depositary receipt issuance in 2007 wherein the Bank of New York acted as global depositary. The Bank also issued a local bond of ₦11.9 billion in 2006.

In October 2010, the CBN issued the Regulation on the Scope of Banking Activities and Ancillary Matters (the "**CBN Banking Activities Regulation**") which repealed the Guidelines for the Practice of Universal Banking in Nigeria (the "**Universal Banking Guidelines**") issued on 22 December 2000. The Universal Banking Guidelines had authorised banks to engage in non-core banking activities, directly as part of banking operations, or indirectly through designated subsidiaries. Pursuant to the CBN Banking Activities Regulation, banks previously operating under the licence of the Universal Banking Guidelines were subsequently required to submit a compliance plan to the CBN in relation to the bank's proposal to comply with the provisions of the CBN Banking Activities Regulation. In addition, the categories of banks permitted to carry on banking business were limited to commercial banks, merchant banks and specialised banks (including non-interest banks, microfinance banks, development banks and mortgage banks). Commercial banks are required to be authorised by the CBN to carry on banking business on a regional, national or international basis. The CBN Banking Activities Regulation also required Nigerian banks to divest all non-core banking businesses and apply for a new type of banking licence, or to adopt a non-operating holding company structure in compliance with the regime if they wished to engage in non-core banking activities. See "*The Nigerian Banking Sector—Repeal of the Universal Banking Model and introduction to Regulation 3*" below. The Bank applied for and received an approval from the CBN on 5 February 2014 for an international commercial banking licence.

On 14 October 2011, the Bank acquired an initial 75% equity stake in Intercontinental Bank. The subsequent merger of the Intercontinental Bank Group's assets, liabilities and undertakings, completed on 23 January 2012, allowed the Group to expand its retail banking business and provided the Group with an increased and diversified funding base. As a result of the acquisition, the Bank was ranked Nigeria's fourth largest bank. In 2011, the Bank was also awarded "Sustainable Bank of the Year" by the IFC.

The Bank's first successful U.S.$350 million Eurobond issuance took place in July 2012. That same year, the CBN designated the Bank a "systemically important bank". By 2013, the Bank had attained an AA- rating from S&P. At this time, the Bank aimed to become the world's most successful African Bank and embarked upon a new five-year strategy focused on financial inclusion, women and youth, as well as global trade finance, treasury and payments for the corporate sector. As part of its strategy, it aimed to become a top three bank in all the markets in which it operates.

In 2014, the Bank issued U.S.$400 million in subordinated notes. In March 2015, the Bank completed a ₦41.7 billion rights issue to strengthen its capital position and issued a further U.S.$300 million in subordinated notes.

The Bank continued to build out its operations across the continent and in global trade hubs, determined to capture Africa's trade flows with the rest of the world and within the continent. In 2017, the Bank set out its next five-year strategy (2018-2022), focused on creating a global payments infrastructure which would enable it to become Africa's gateway to the world. In 2019, the Bank was awarded "Best Mobile Banking Application" by World Finance and "Best Bank in Nigeria" and "Best Product Launch in Africa" by EMEA Finance for its ability to use technology to facilitate business growth. One of such fintech solution was AccessAfrica, a payments solution that enables efficient and effective transfers between Person to Person (P2P), Business to Business (B2B), Person to Business (P2B), and Government to Person (G2P).

Building a strong retail bank which was digitally-led and omni-channel was a key pillar for the Bank's ambitious growth strategy, along with consolidating its strengths in corporate banking. In 2019 it saw the opportunity to accelerate its five-year plan with the merger of Diamond Bank, Nigerian's leading retail bank with 19 million customers, including 10 million mobile customers, and a strong reputation for data analytics and technological innovation.

In 2019, the Bank listed Africa's first fully certified corporate Green Bond amounting to ₦15 billion on the FMDQ and the NGX. The Bank was ranked the number one bank in Nigeria by total assets based on the published financial statement of banks operating in Nigeria, ranked the largest retail bank in Nigeria with 646 branches and had the most channel touchpoints in Nigeria with 38 million cards, 3000 ATMs and 34,000 POS terminals.

In addition, the Group completed the following recent acquisitions:

- in July 2020, the Group acquired Transnational Bank in Kenya.
- in May 2021, the Group completed the acquisition of African Banking Corporation (Mocamique), S.A. ("**BancABC Mozambique**").
- in May 2021, the Group completed the acquisition of South Africa-based Grobank Limited ("**Grobank**"), which was subsequently renamed Access Bank South Africa Limited.

See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Significant factors affecting results of operations—Acquisitions*" for further information.

In April 2021, the Group entered into an agreement to acquire 78.15% of the shares in the African Banking Corporation of Botswana Limited, which remains subject to completion as at the date of this Base Prospectus. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Recent Developments*".

COVID-19 Pandemic

The COVID-19 pandemic adversely impacted both the global and Nigerian economy. The business disruptions which started early in 2020 were accompanied by foreign exchange illiquidity and an overall reduction in crude oil production. The pandemic resulted in the temporary closure of many businesses and the enforcement of social distancing requirements in many states and communities to stem the spread of the pathogen. Overall, the Nigerian economy contracted by 1.9% in 2020, according to the IMF. However, the IMF has projected a 2.5% GDP growth for the Nigerian economy in 2021.

For the Group, normal banking activities were disrupted during the COVID-19 pandemic lockdown. While some branches were closed due to reported cases of COVID-19, the Group encountered other issues such as supply chain challenges, restrictions on travelling, increased expense associated with disinfectants and disinfection of office premises, health and safety concerns, cyber threats, and other issues associated with remote working of the branches' employees. The Group activated its Business Continuity Plan ("**BCP**") to address the changing environment due to the COVID-19 pandemic. The BCP was implemented to ensure continuous service delivery during the lockdown period, whilst maintaining the health and safety of its staff and customers, in line with standards defined by Nigeria's National Centre for Disease Control ("**NCDC**").

The Group also used the change in the traditional banking landscape resulting from the COVID-19 pandemic to accelerate its digital and branchless banking/agency banking programmes. The Group's agency banking channels emerged from the COVID-19 lockdown as the predominant channel for financial inclusion, especially outside of Nigeria's cities. The Group was also able to provide seamless 24-hour banking services through its online channels.

In 2020, enrolment in the Group's agency banking programme grew by over 100% with a corresponding growth in transaction volumes. The Group's rapid and smooth transition to its online and agency banking programmes and the subsequent growth of the programmes validates the Group's significant investments in technology platforms during the past two years. It also demonstrates the sustainability and competitive advantages of branchless banking and digital banking, in the retail and financial inclusion segments.

The Group is at the forefront of private sector support for the national COVID-19 response through its council membership of Coalition Against COVID-19 ("**CACOVID**") by providing medical supplies and personal protective equipment to businesses and individuals. CACOVID is a private sector-led organisation in Nigeria established to assist the Federal Government with combating the COVID-19 pandemic in the country. It was launched on 26 March 2020, following an announcement made by the Governor of the Central Bank of Nigeria, Godwin Emefiele.

In May 2020, the CBN, with the support of the Federal Government, implemented the Forbearance Programme, requiring all Nigerian banks to allow a moratorium on the payment of principal and to temporarily reduce interest rates (for a maximum of 12 months) on loans to customers in certain sectors of the economy significantly impacted by the COVID-19 pandemic, including but not limited to customers in the manufacturing, oil and gas, agriculture, real estate/construction and tourism sectors. Those eligible for the Forbearance Programme must apply for the programme and be approved by the Bank in accordance with guidelines issued by CBN. Some of the Group's customers qualified for the Forbearance Programme.

CBN policy measures to curtail the impact of COVID-19 pandemic on the banking sector also include: (1) the reduction in interest rate (to 5% from 9%) on all applicable CBN intervention facilities to February 28, 2022; and (2) the creation of new amortisation schedules for all CBN funded loans.

Other initiatives to cushion the COVID-19 impact include the introduction of a ₦100 billion healthcare intervention fund and a ₦50 billion credit facility for households and SMEs particularly affected by COVID-19 and the extension of loans worth ₦1 trillion to critical sectors to boost local production. The CBN also directed financial institutions to engage international development partners and negotiate concessions to reduce any financial strain on borrowers of on-lending facilities.

Finally, in order to enhance the supply of foreign exchange the CBN introduced the Naira for Dollar Scheme for diaspora remittances and also resumed the periodic sale of foreign currency to Bureau de Change ("**BDC**") operators. However, on 27 July 2021, the CBN announced an end to the weekly allocation and sale of foreign exchange to BDCs in the country and directed that commercial banks immediately set up teller points in designated branches for the sale of foreign exchange.

The COVID-19 outbreak also affected the countries where the Group's international subsidiaries operate. To help navigate the pandemic and stimulate the economy, the central banks and governments or the Group's international subsidiaries have also implemented different initiatives and measures.

The Group's subsidiaries have put the following measures in place to mitigate the impact of the pandemic on their operations and performance:

- activated BCPs to minimise disruption in subsidiaries' business operations and enabled remote working to ensure the safety of staff;
- branches were on a well-coordinated two-week on/two-week off rotation in line with local environment and relevant government pronouncements and guidelines. Contact Centre operations have been enhanced with additional personnel, and now function out of multiple locations to meet social distancing and business continuity requirements in light of increased customer activity on digital platforms. Preventive measures (use of hand sanitisers, face masks, temperature checks, etc.) were implemented in all locations. Suspected cases were promptly isolated and reported;
- staff were categorised to determine those working in the office, those working remotely (from home) and those on annual leave. Staff were provided with required tools and support including transportation, laptops, VPN access and data. Meetings were held on digital platforms to allow for safe operations in light of the pandemic;
- the Technology Recovery Plan ("**TRP**") was activated and identified critical staff members provided support for the systems and data centre to ensure uninterrupted service.
- took a cautious approach to future lending to reduce further exposure to sectors that may be more significantly affected by the COVID-19 pandemic;
- called in all speculative facilities (the majority of which were in the real estate sector) and enforced recovery on major NPLs to curtail the possible impact of the COVID-19 pandemic;
- lateral expansion into telecommunications and FMCG sectors, thereby increasing the earnings of the Group from these sectors;
- renewed drive to migrate and encourage customers to use online channels (ATMs, online banking, mobile banking);
- renewed focus on boosting non-interest revenue streams (transaction banking, online business, trading, etc.);
- with the gradual easing of the COVID-19 pandemic lockdown, a planned staggered return to the office by staff. Pipeline transactions that had been put on hold at the outbreak of the pandemic are cautiously being consummated; and
- with the easing of the lockdown and availability of vaccine, staff and their family members were all encouraged and supported to ensure that they received COVID-19 vaccinations.

Key Strengths

Management believes its key strengths include:

Strong brand awareness

Management believes that "Access Bank" is a well-recognised and trusted brand in Nigeria, which has been fostered by adhering to its core values of leadership, excellence, empowered employees, passion for customer service, professionalism and innovation. The Group has become the largest bank in Nigeria in terms of both total assets and shareholders' equity (according to the published audited financial statements of Nigerian banks as at and for the year ended 31 December 2020, prepared in accordance with IFRS) largely as a result of the Diamond Bank Merger in 2019. As at 31 December 2020, the Group also had the third largest branch network (according to the published audited financial statements of Nigerian banks as at and for the year ended 31 December 2020, prepared in accordance with IFRS), the third largest number of point of sale ("**POS**") terminals in Nigeria (according to Nigeria Inter-Bank Settlement System Plc), and the second largest number of ATMs in Nigeria (according to the published audited financial statements of Nigerian banks as at and for the year ended 31 December 2020). As at 30 June 2021, the Group had a branch network of 729 branches, a total of 63,675 POS terminals, and 2,950 ATMs in Nigeria. The Bank has received numerous awards in Nigeria, as well as internationally in the areas of trade finance, sustainable banking and social responsibility. These awards include the "Global Financial Inclusion Award" by The Banker Magazine (2020), "Best Bank in Customer Service 2019" by the Ghana Customer Service Index ("**GCSI**") (2020), "Bank of the Year Award" by Women's Choice Africa (2020), "Best Small Budget Campaign" at the Global Digital Communications Awards (2020), "Best Company in Financial Inclusion" at the SSI Award (2020), "Best Company in Women Empowerment Project", also at the SSI Awards (2020), and "E-Banking Service of the Year", at the Ghana Information Technology & Telecom Awards ("**GITTA**") (2019). Additionally, the Bank was also awarded the "Best Company in Specialty Healthcare Support Project" at the Sustainability and Social Investment Award ("**SSI**") (2019) and "Financial Alliance for Women Impact Award" at the Global Banking Alliance Awards (2019), amongst many other awards.

Strong risk management practices and policies

Since 2014, the Group has taken measures and implemented new programmes to improve and strengthen its risk management, including more frequent and focused portfolio reviews, enhanced stress testing, strengthening of risk analytics, increasing the percentages of investment grade and standard grade assets of the Group, and implementing a daily review of key risk metrics. The Group has also established a daily executive dashboard for review of action points and decisions that need to be taken by the Group's management. The Group has implemented well-defined and robust risk management policies at an SBU level and sought to ensure appropriate risk management training for its staff. The Bank has developed a risk ratings guide used throughout the Bank to guide staff in performing internal risk assessments that the Bank conducts around all potential borrowers. The risk ratings guide defines a comprehensive procedure that each account officer must use in determining whether to proceed with a loan approval process, specifies the level of approval required for any requested credit, provides guidance on the levels of covenants and collateral appropriate to that request and guidance in determining its pricing. The Group's risk guide provides separate internal risk pricing procedures for retail and non-retail clients. The Group's comprehensive risk management policies have resulted in a reduction of the Bank's exposure to vulnerable sectors and products, specifically to customers in the oil and gas industry and any foreign currency exposures. The Bank, in keeping with the concept of prudence, sets its policy limit for open foreign exchange positions at levels lower than the maximum net open position limits ("**NOPL**") approved by the regulatory authority. In setting the internal NOPL, the considerations that are imperative include; the Regulatory NOPL, the Bank's tolerance and appetite for foreign exchange risk, the size and depth of the foreign exchange market in Nigeria, the degree of volatility of traded currencies, and the Bank's desired positioning in the relevant foreign exchange market with requirements for international business support.

Management believes that the Group's improved risk management practices and continued close monitoring of its loan portfolio have also helped the Bank achieve one of the lowest non-performing loan ratios in the Nigerian banking industry. The Group's non-performing loan ratio decreased by 150 basis points, from 5.8% as at 31 December 2019 to 4.3% as at 31 December 2020 and 30 June 2021. For additional information on the Group's risk management practices, see "*Asset, Liability and Risk Management*".

Strong and experienced management

The Group's senior management team has extensive experience within the financial services sector, with an average of more than 24 years of experience gained in leading local and international banks across various economic sectors and a combined experience of approximately 158 years of executive management. The Group's Managing Director, Dr. Herbert Wigwe and the Deputy Managing Director, Mr. Roosevelt Ogbonna, have 33 and 25 years of banking experience, respectively. The senior management team has a proven record of implementing innovative and industry-leading initiatives, particularly in guiding the Group to focus on best business practices and customer service, and helping it to achieve its Strategic Transformation Agenda that saw the Group grow into being one of the 10 largest Nigerian banks between 2002 and 2007, to then become the largest Nigerian bank in terms of assets and total shareholders' equity and seventh largest Nigerian bank in terms of deposit holdings, following the Diamond Bank Merger in 2019, reaching the targets set in its five-year strategy (2018-2022). Management believes the experience of its senior management team will continue to be a key strength in succeeding in an increasingly competitive industry.

Strong presence in growing and diverse sectors of the economy

Management believes that the Group has a strong presence of offering financial services to major players in the telecoms, manufacturing and fast-moving consumer goods sectors. As the Nigerian economy has continued to mature from a primarily product trading and oil-based business culture to a more solution and manufacturing-oriented business culture, the Group has been able to tailor its products and services to fit the needs of original equipment manufacturers and operators seeking to take advantage of structural changes in the local economy. As a result of the rapid growth rate and specific product needs of these sectors, the Group continues to strengthen its market dominance with key players in these sectors, leveraging its value chain model as a differentiating tool. In spite of the challenging macroeconomic environment, the Bank has sought to facilitate the growth potential of its clients, alongside maximising their operating efficiency. To ensure that the Bank's clients take advantage of structural changes in the local economy, the Bank is leveraging its expertise in structured finance to support its clients' goals and to strengthen the capacity of local vendors in order to promote a shift from imported to local inputs.

Robust public sector business and reputation

The Bank has gained experience and developed expertise that enables it to provide tailored products and services to the public sector in Nigeria at both state and federal levels. The Group has experienced strong growth in its public sector business, particularly at the state level, leveraging new and long-standing relationships with more than 16 Nigerian states. Due to the factors described below, lending to the public sector has increased significantly since 2014 (by about ₦238) billion, largely due to the Federal Government's introduction of SBO and ECA lending facilities, which States are required to access through Nigerian commercial banks. Of the 27 eligible States who qualified for funds under the Federal Government's SBO or ECA facilities, 16 states accessed such funds through the Bank. As a direct lender to states under the SBO and ECA facilities, the Bank is also providing payroll services to these states. The Bank has also sought to capture more retail market share by offering retail loans to qualifying state employees, while minimising default risk though automatic monthly repayments made via deductions from such employees' salaries. The Group has also used its existing technology to grow its market share in internally generated revenue collections and has instituted an agriculture desk to cater to the many opportunities in that sector, as well as to ensure that the Group plays a pivotal role in driving economic development.

Strong relationships with development finance institutions ("***DFIs***")***, multilateral agencies and international correspondent banks***

As part of its strategic objectives, the Group has sought to actively build strategic relationships with DFIs and multilateral agencies, and Management believes that it has a stronger relationship with DFIs relative to its peers, and receives more funds and funding as compared to its peers (according to the published audited financial statements of Nigerian banks as at and for the year ended 31 December 2020, prepared in accordance with IFRS). The Bank also proactively seeks partnerships with these institutions, such as its partnership with the IFC on enhancing sustainability. The Bank has leveraged these relationships to develop a strong risk management framework that it has sought to align with global best practice, including the adoption of environmental and social risk management policies and procedures. This has enabled the Bank to obtain medium-term funding in excess of U.S.$300 million in the past five years from many DFIs, including the European Investment Bank, Belgian Investment Company for Development, the Finnish Fund Industrial Cooperation Limited, the AfDB, the IFC, the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (the "**FMO**") and the French Development Finance Company ("**Proparco**"). Such medium-term funding is not generally available in the Nigerian market due to the short duration of funding available in the domestic banking industry. Certain of these DFIs have also obtained an equity interest in the Bank through the exercise of their conversion rights in convertible loans previously issued to the Bank. The Group has also established trade finance relationships with several international correspondent banks such as Citibank, UBS, BNP Paribas, ANZ, HSBC and Commerzbank, which often impose more stringent requirements on reporting and governance. Developing its relationship with these DFIs, multilateral agencies and international correspondent banks has led the Group to further enhance its corporate governance and global risk management framework, such as the number of independent directors on its board of directors, developing and implementing the Enterprise Risk Management Framework, implementation of Basel II, as well as adoption of IFRS financial reporting. The Bank has also benefited from additional capacity and technical expertise through these relationships, for example through staff exchange programmes and technical assistance in developing certain business lines (including its retail business).

Product expertise

The Group has significant product expertise in the areas of cash management, trade finance and trading in government securities, as demonstrated by the integrated payments, collections, cash management and payroll solutions offered to its clients, as well as its market share and position in trade finance and trading in government securities. According to data from the FMDQ, as at 31 March 2020, the Group was amongst the leading banks in Nigeria in the Nigerian foreign exchange business and one of the most active players in the interbank market in terms of participation. Amongst Nigerian banks, the Group ranked first in bond trading, second in unsecured placement and takings, third in foreign exchange and second in treasury bills. Additionally, the Group's market share of interbank spot transactions was 11% and the Bank's market share of customer derivative transactions with the CBN, such as foreign exchange forwards and futures, (level of bank participation in customer derivative transaction with the CBN such as foreign exchange forwards and futures) was also 11%. Management believes that the Bank is a market leader in trading in government securities and has developed Nigeria's first bond index, the Access Bank Nigerian Government Bond Index.

The Group has also sought to extend its expertise into other areas of activities that are complementary to its business. For example, the Bank was the first Nigerian bank to introduce and commence use of Visa credit cards to the market, including introduction of The Black Card—Visa Infinite, holders of which are accorded special recognition and enjoy exclusive benefits and privileges (see also "—*Innovation, Research and Development*" below). The Bank differentiates itself from other Nigerian banks based on its focus on the VCM, implemented through offering value-added products/services for its customers across the value chain, both domestically and via its international subsidiaries.

Strong Information Technology and E-business platform

Management believes that it has one of the most efficient information technology platforms amongst Nigerian banks. In 2019, the Bank upgraded its core banking application to Flexcube 12.0.2 – the most recent version of the Flexcube Universal Banking System ("**FCUBS**") – in order to enhance service delivery across all customer touch points. This new banking system, has led to improved turnaround time, enriched customer interaction and enhanced reliability of all its platforms in line with the Group's mantra of speed, service and security. Management believes that this will offer greater insight into business operational efficiency and customer behaviour and in turn allow the Group to enhance the quality and range of products and services over time.

As part of the Bank's digital roadmap, the Bank has begun to establish an omni-channel platform that provides an end-to-end view of all financial and value added services ("**VAS**") to customers with a seamless and consistent customer experience across multiple devices/channels. The benefits of this critical infrastructure (once completed) could include:

- Increased customer satisfaction brought about by innovative, personalised, convenient and consistent customer experience across channels as a result of enhanced customer segmentation and targeted offerings per segment;

- Increased cross-selling and upselling opportunities from leveraging the inherent campaign management functionality of the BankWorld solution;

- Increased on-the-spot product acceptances by all customers; and

- Optimised operational and IT costs as a result of enhanced in-house management and support of channel platforms;

As part of this initiative, in 2018, CR2 Limited was engaged to deploy and integrate their BankWorld Omnichannel ("**BW**") solution ("**Omnichannel Platform**"), covering Internet and ATM/CMS channels, with the Bank's existing mobile Banking application owned by Interswitch. This was implemented and deployed in phases. The first phase covering the mobile and internet platform is live as at the date of this Base Prospectus. During 2021, the Bank has rolled out a dual transaction service where customers' debit cards can act also as a credit card. This ATM card migration phase of the Omnichannel Platform is expected to be completed by 31 March 2022.

In addition, the Bank provides what Management believes to be efficient integrated payments, collections, cash management and payroll solutions for its clients. These solutions can be integrated into the customer's systems to provide efficient and cost-effective bulk payments and collections and reporting capabilities, as well as allowing customers to integrate their payments and collections systems and processes.

In the same way that the unending quest for speed and service quality has driven innovation, the threat of cybersecurity and fraud has resulted in the need for continuous improvement of systems security globally. The Bank was the first Nigerian bank to be accredited with a Payment Card Industry Data Security Standard ("**PCI DSS**") certificate in 2011 (recertified in 2017), which was subsequently upgraded to version 3.2 as a result of the introduction of additional security measures and improved processes. The bank was also conferred with the ISO 27001:2013, ISO 22301 and ISO 9001:2000 and has also upgraded its PCI- DSS certification.

In order to ensure sustainability and business continuity, the Bank's processes have been certified by the British Standard Institute ("**BSI**") to be compliant with ISO 22301. Information security and the protection of confidential and sensitive customer data are a priority of the Bank. It has therefore developed and implemented an information and risk management framework that is in line with best practice.

Retaining global security standards requires the Group to have processes in place that meet global security requirements and to remain compliant with these by continuously reviewing and improving the security of its systems. This is achieved in line with global best practice to better secure the business environment for the benefit of the Bank's customers and to make it less susceptible to fraud.

In 2020, the Bank won the Best Digital Banking Brand, Nigeria Award at the Global Brand Award and also won the Best Mobile Banking App Nigeria Award in 2021 at the Finance Derivatives Awards. Management believes these awards are a recognition of its creativity, innovation and value provided to customers.

The Bank intends to continue strengthening its information technology systems to provide greater efficiency and to continue servicing customer demands with new, improved and innovative products.

Investment in staff

Management believes that its staff is a significant strength and instrumental in maintaining its enthusiasm and focus on customer service throughout the Group's business.

The Group recognises that as a service organisation, its people are an essential element in its quest for excellence in banking services delivery and is therefore focused on the recruitment, development and retention of high-quality staff. The Group continues to recruit top graduates from the best local and international universities and qualified people from the financial sector. The Group provides employees with extensive training and development in various areas including finance, accounting and economics in the Group's training school, the Access Bank School of Banking Excellence, which aims to meet the developmental needs of staff and in leading business schools as part of an active learning and capacity-building process. The Group also provides rising leaders with the opportunity to participate in the Middle Management Programme, a developmental programme that, in partnership with the University of Pennsylvania's Wharton Business School, allows middle managers to increase their skill level. Additionally, the Group aims to offer a competitive range of employee benefits in order to recruit and retain high-quality personnel.

Management believes that the Group's commitment to employing trained and skilled employees is a key strength that allows it to be more competitive in the industry.

Strategy

The Bank's five-year strategy (2018-2022) aims to position the Bank as "Africa's Gateway to the World" and the most respected African bank globally. The Bank aims to become the pre-eminent bank in Nigeria by rapidly growing its retail and SME customer bases while securing the largest market share of any Nigerian bank of the top 100 Nigerian corporates. Internationally, it intends to develop an integrated global franchise by growing its presence in key African markets, global financial gateways including London and New York and trade hubs such as Dubai, China, Hong Kong and India.

Within the retail bank, the strategy will entail adopting a customer focus segment driven by digital payments, while in the corporate bank, the new structure will involve building deep sector expertise and deploying global relationship managers. The Bank's subsidiaries will be organised around strategic clusters, with strong collaboration between them to secure trade finance and correspondent banking. This organisational model is underpinned by robust risk management and high levels of automation aimed at modernising the risk function and using data-driven insights. The Group's has started planning around the development of its next ten-year strategy effective 2023 with an aim of becoming the leading Bank in Africa. The Group expects to finalise this strategy by 30 June 2022.

The current five-year strategy has six levers:

- retail banking growth and consolidation in wholesale markets;
- digital innovation;
- customer focus;
- analytics driven, with robust risk management;
- global collaboration; and
- creation of a universal payments gateway.

Each of these strategies is discussed in more detail below.

Retail banking growth and consolidation in wholesale markets

Drive growth in Retail Banking business

The Bank continues to work towards securing the largest market share of the rising middle-income customer segment by offering seamless omni-channel experience and unparalleled customer service. The Bank aims to aggressively drive personal banking revenue growth through this middle-income segment. Management believes the lower middle class represents the largest inflow of 'new-to-bank' clients, on the back of Nigeria's growing middle class. In addition, the upper middle class segment will provide a core banking base and generate attractive per-client-revenue as they tend to have more stable source of income and are generally more technology savvy. Digital channels are also attractive to the middle-income segment, given their high propensity to switch to such service offerings and the Bank expects to leverage the opportunity using its targeted, self-service digital portfolio. The Bank will also implement branch optimisation and expansion into unpenetrated regions.

The Bank has since introduced a revised SME coverage model that has focused on high-value customers in order to achieve its customer acquisition targets.

The Group aims to become the pre-eminent African bank. It aims to be a top five bank in Africa in terms of key metrics such as assets, revenue, customers, ROE and others, and aims to be the number one bank in central Africa with over 100 million customers.

Wholesale bank consolidation

The Bank will continue to drive the consolidation of its leadership in domestic wholesale banking by securing the largest market share of the top 100 corporate entities in Nigeria, with the target being at least 80 relationships. The Bank aims to attain a 25% market share of top corporates in each country of operation. The Bank will increase its share of revenues from asset light products and build deep sector expertise in priority industries to unlock and capture new revenue opportunities. Commercial Banking will be driven by an increased focus on key regions with high bankable revenues and the bank will increase its share of revenues from asset light products.

Management believes that a focus on corporate clients is an expedient and cost-efficient strategy in the short to medium term. Through its team of relationship managers, Management believes that it has the requisite skills as well as product expertise to address the specific needs of this distinct customer segment.

An in-depth understanding of its clients' businesses and operating environments enables the Group to anticipate their needs and provide suitable products and services tailored to meet corporate requirements. The Commercial Banking SBU will continue to offer bespoke services and solutions to large corporate clients. Cash flows will be retained in the Bank by ensuring that all sources of inflows and outflows to corporate clients are run through accounts at the Bank.

Digital Innovation

Management believes that it can build on its leading digital banking brand and that digital banking is a key driver of innovation in today's financial services industry. For purposes of simplicity, the Bank will continue to consolidate its digital portfolio of applications across SBUs and stimulate the migration of transactions to self-service channels. Core sales and service functionalities will be driven by much better connectivity across the consolidated portfolio of web, mobile and USSD applications.

The Bank will achieve service automation by digitising core customer experiences and providing an omni-channel experience across platforms. Multi-channel marketing capabilities will be developed by focusing on search engine optimisation, search engine marketing, re-targeting, referrals and social media. Furthermore, robust data analytics capabilities and models will be built to drive business using case studies.

The Bank recognises that establishing a strong digital culture across all experiences for customers and employees will enhance access to the targeted markets and segments. The Bank aims to offer innovative solutions to customers across multiple markets and segments and has set a target of 80% of its customers actively using digital banking channels.

Customer Focused

The Group recognises that its customers are at the heart of its business model, and in addition to delivering excellent customer service, it should enable its customers to achieve financial inclusion and assist them with understanding its products and services. The Group aims to conduct its business with a focus on long-term relationships, adding value and giving individuals the power of banking, by working with companies, growing their business and empowering their employees, suppliers and distributors.

The Group will enhance the customer experience through improvements and remodelling of its branches, implementation of further process automation and customisation and restructuring of its customer segments. The Group aims to offer a best-in-class user experience for retail and consumer banking services with a minimum 50% net promoter score and 80% customer satisfaction score.

For Corporate Banking, the focus will include deep sector expertise and global Relationship Managers to tailor to relevant and specific customer needs.

Analytics Driven with Robust Risk Management

The Group aims to remain the industry leader in Risk Management and have prioritised a number of key initiatives to support its goal in several areas including:

- Credit Risk – where the bank will focus on process and monitoring;
- Market Risk – the bank will update its limit policies and use data and automation to improve on its risk tools;
- Operational Risk – which will place emphasis on human capital and Information Technology capabilities; and
- Compliance Risk – which entails the monitoring of compliance risk using predictive cases and entrenching compliance in the risk management process.

The Group will also seek to digitise risk management.

The Group aims to incorporate advanced analytics and digital technology in operations to tailor products to customer needs and maximise operational efficiencies. The Group also aims to utilise advanced analytics to manage risk across multiple business models and markets.

Global Collaboration

The Bank will pursue a deliberate and structured international expansion that will focus on the business's overall strategic objectives as well as strong collaborations.

The international businesses will be hinged on a universal payments gateway powered by technology and a strong network of relationships across operating countries, with an ecosystem of local and international partnerships that will service global payments and remittances.

The Group's global franchise is expected to be more integrated in identifying and pursuing opportunities to achieve dominance in trade, payments and correspondent banking. Hubs in Europe and other collaborative markets will drive correspondent banking strengths, particular to other African banks. In global customer acquisition and servicing, the Bank will become more effective and deliberate in jointly pursuing and serving large multinational companies operating across the Bank's footprint.

The Group aims to establish a material subsidiary network outside of Nigeria, expand its global network across Africa, the Middle East, Asia, Europe and the Americas, and the number of customers who are Nigerians living abroad in target diaspora markets. Part of this strategy includes the creation of the new holding company structure. See "—*Proposed Corporate Reorganisation*".

Creation of a universal payments gateway

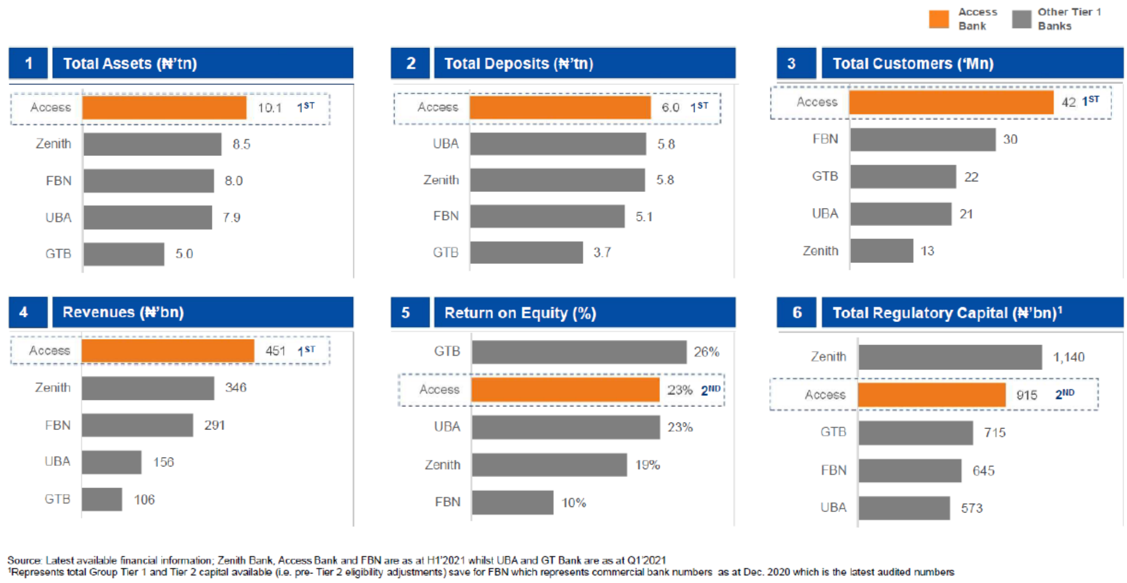
The Bank will seek to build the best in-class payments gateway and position itself as a payments leader in the next five years. The Bank intends to lay the foundation to participate in all parts of the payments value chain in both operating and non-operating countries by enhancing cross-border and domestic transfers in countries both where it has a presence and where it does not and across all business segments and payments flows.

The Group aims to optimise payments, remittances, transfers, trade, cross-border and electronic banking to serve global customers and command a 5% share of payments in all key markets. The Group also aims to establish global partnerships, including correspondent banking relationships to drive international operations, transactions and cross-border payments.

Market Position and Competition

Notwithstanding the significant changes in the competitive landscape of the Nigerian banking sector, the Group has continued to perform well, moving from being amongst the top 10 Nigerian banks in 2008 to the largest Nigerian bank in terms of assets, according to the published audited financial statements of Nigerian banks as at and for the period ended 31 March 2021, prepared in accordance with IFRS. As at 30 June 2021, the Group had the second largest branch network (according to the published audited financial statements of Nigerian banks as at and for the six-month period ended 30 June 2021 and 31 March 2021 (depending on availability), prepared in accordance with IFRS). As at 30 June 2021, the Group had 63,675 POS and 2,950 ATMs. The Group considers its main competitors to be FBN, Zenith Bank, GT Bank and UBA in the retail market segment, where it competes on the basis of distribution network, number of customers and the range of retail products and services offered, while it also faces competition in the corporate customer segment from FBN, Zenith Bank, GT Bank, Standard Chartered Nigeria and Stanbic IBTC Bank plc, where it competes in the provision of structured financial products, services and price in key industry sectors such as oil and gas, telecommunications, power and manufacturing. Management believes it has maintained its competitive position as a result of a number of factors, including its product expertise and innovation in a number of areas, growing its customer base through implementation of the VCM, and providing high standards of customer service. The Bank recognises the strong competition from financial technology and other payment providers ("**FinTech**") however the Group will seek to develop competitive products and services. The Bank has established the Africa FinTech Foundry (the "**AFF**") which ultimately serves as the innovative FinTech arm of the Bank. The objective of the AFF is to source, train, mentor and fund promising start-ups, enabling them to thrive and scale successfully. The AFF has accelerated over 16 start-ups and currently has 500 start-ups in its ecosystem., which has also enabled the Bank to create partnerships with these FinTech businesses.

The table below sets out key financial metrics of the Group as compared to its main competitors for the periods indicated:



Source: Published & Analyst Presentation of selected banks for the period ended 31 March 2021 and 30 June 2021

The Bank also compares favourably to its competitors based on non-financial indicators related to its retail channel performance as at 31 March 2021:

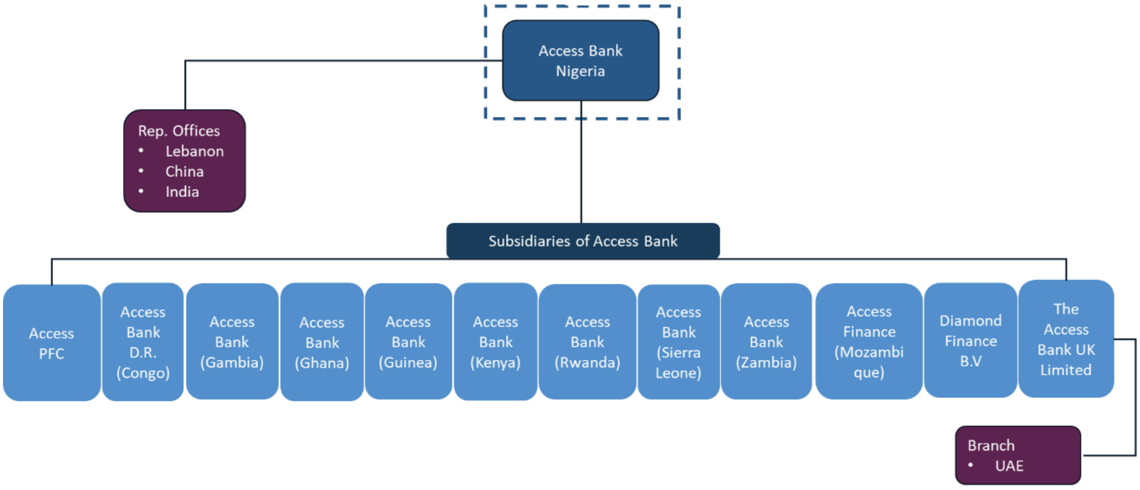
	As at 31 March 2021			
	Access Bank	**Zenith Bank**	**GT Bank**	**UBA**
Branches	724	440	339	1,000
Customer Base	49,000,000	13,125,135	21,900,000	21,000,000
ATMs	3,179	2,044	1,366	2,675
POS	63,675	89,636	24,115	49,197
Cards	18,400,000	9,884,272	5,430,000	7,900,000
Mobile Banking Subscriptions	10,500,000	4,700,000	5,100,000	5,300,000
Digital Loans(1) (₦ millions)	96,717	-	38,000	7,000

(1). Digital data for the period ended 31 December 2020
Source: Published & Analyst Presentation of selected banks for the period ended 31 March 2021

Banking sector consolidation, aided by AMCON, has reduced the number of existing Nigerian banks, and Management believes that this has changed the Nigerian banking landscape. The concentration of capital amongst the non-intervened banks increased together with the share of the market in the hands of the stronger "large banks". Management believes that, in order to meet the competition driven by a more concentrated Nigerian banking industry, it will be critical for the Group to achieve economies of scale and be able to effectively offer the greater reach and financial capacity of larger banks.

Corporate Structure

The following chart illustrates the corporate structure of the Group as at 30 June 2021:



The Bank's current operating licence limits its ability to engage in certain types of business in the technology industry and other non-traditional banking industry which is adjacent to the Bank's retail banking operations. By the end of 2022, the Group proposes to reorganise its structure to install a holding company as the Bank's parent company with various additional operations sitting alongside the Bank in the new group structure.

For more information on the proposed insurance brokerage, switching services and Microfinance businesses, see "—*Proposed Corporate Reorganisation*".

Description of Business

Subsidiaries

The Bank has the following subsidiaries (and as a percentage of Group total assets as at 30 June 2021): The Access Bank UK Limited (11.4%), Access Bank Ghana Plc (4.8%), Access Bank (Zambia) Limited (1.1%), Access Bank (Mozambique) S.A (1.1%), Access Bank R.D. Congo S.A.R.L (1.0%), Access Bank (Rwanda) Plc (0.6%), Access Bank (Kenya) Plc (0.4%), Access Bank (Gambia) Limited (0.3%), Access Bank (Sierra Leone) Limited (0.2%), Access Bank Guinea S.A. (0.1%), Access Pension Fund Custodian Limited and Diamond Finance B.V.

Overview of Strategic Business Units

The Group's primary business is its banking operations which offers a wide range of financial products and services to corporate, commercial and individual clients, and its principal business activities are organised according to the following strategic business units ("**SBUs**"): Corporate and Investment Banking, Commercial Banking, Business Banking, Retail Banking and Digital Banking, as well as the Operations and IT division. The Group's main business activities are each offered through an SBU. The products and services offered by the Group's various SBUs are described below. The Group expects the operations of the SBUs will remain largely consistent even after the implementation of its corporate reorganisation (see "—*Proposed Corporate Reorganisation*").

The tables below show the development of the Group's revenues, loans and deposits by SBUs. The Diamond Bank Merger in 2019 had the largest impact on the Group's Retail Banking SBU given Diamond Bank's strong retail customer base at the time of the merger.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
	% of the Group's Revenue			
Corporate and Investment Banking	37.26%	37.92%	38.16%	37.19%

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
	% of the Group's Revenue			
Commercial Banking	30.92%	29.34%	22.33%	29.45%
Business Banking	5.50%	7.65%	6.05%	15.36%
Retail Banking	26.32%	25.09%	33.47%	18.0%
Unallocated Segments	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100.0%**

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
	% of the Group's Outstanding Loans			
	(₦ millions, except percentages)			
Corporate and Investment Banking	44.8%	38.76%	44.71%	37.03%
Commercial Banking	45.9%	54.51%	41.88%	57.91%
Business Banking	3.9%	3.87%	4.68%	2.90%
Retail Banking	5.3%	2.87%	8.73%	2.16%
Unallocated Segments	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100.0%**

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
	% of the Group's Deposits			
Corporate and Investment Banking	30.9%	33.29%	29.11%	39.08%
Commercial Banking	21.4%	23.14%	20.69%	31.22%
Business Banking	8.0%	9.11%	7.41%	12.83%
Retail Banking	39.6%	34.46%	42.79%	16.87%
Unallocated Segments	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100.0%**

Corporate and Investment Banking SBU

The Group's Corporate and Investment Banking SBU is made up of four business groups: Corporate Banking, Global Transaction Banking, Project & Structured Finance and Treasury & Global Markets. The Corporate and Investment Banking SBU focuses on multinational, well-structured, large local and foreign-owned companies with a minimum annual turnover of ₦20 billion or more and risk ratings falling within a specified limit, as well as financial institutions in the banking, capital markets, pensions and insurance subsectors. The Corporate and Investment SBU's sector focus includes the cement and construction, communications, manufacturing, upstream oil and gas, and financial institutions sectors, and selective focus on the downstream oil and gas, power, transportation, agriculture and real estate sectors. The Corporate and Investment Banking SBU's Treasury and Global Markets business group offers clients a wide range of financial services including treasury (trading in fixed income and currency products), corporate finance, project finance and structured finance (acquisition and leveraged finance services) and cash management solutions. This business group is also responsible for the Group's relationships with domestic and international financial institutions (including DFIs). The Corporate and Investment Banking SBU also serves as the cornerstone of the Group's value chain model by providing the platform for intervening in the value chain of corporate customers, with the objective of optimising returns from these relationships. As at 30 June 2021, the Group had over 500 corporate and investment banking clients and relationship with over 35% of the corporates on the NGX, excluding banks and it had increased its market share among the Top 150 corporate clients of which 79% of the top 150 corporates are now clients. The Group's Corporate and Investment Banking SBU comprises 10 segments:

- *Telecommunications subgroup*: provides banking products and services to a wide range of operators and service providers in the Nigerian telecommunications industry, including Global System for Mobile Communications ("**GSM**") and Code Division Multiple Access service providers, as well as Emerging Markets Telecommunication Services ("**Etisalat**"), original equipment manufacturers, internet service suppliers, infrastructure providers and dealers. Products and services offered include cash management, receivables discounting, liquidity management, dealer credit programmes and supplier finance schemes.

- *Financial Institution subgroup*: provides investment and financial products and services to financial institutions.

- *Treasury subgroup*: provides financial products including currency solutions, fixed income and derivatives.

- *Cement and Logistics subgroup*: services the major players in the cement and logistics industry, including manufacturers and importers operating in Nigeria. Some examples of the products and services offered include debt and equity finance for the construction of new cement facilities and the execution of capital projects for manufacturers and cement importers, distributor credit finance facilities, vendor and supplier financing, equipment lease financing and structured trade finance facilities for the importation of raw materials, spares and finished goods.

- *Transportation and Household Utilities subgroup*: provides services to various sectors including aviation, automobiles, shipping, packaging, personal care, metal fabrication and enamelware manufacture. Products and services offered include cash management, liquidity management, distributors' support programme, structured finance and vendor/supplier payment schemes. Leveraging on its geographical spread in Africa and the United Kingdom, the Group also helps these clients to obtain structured trade services from its partner institutions such as multilateral finance institutions, export credit agencies, and correspondent banks.

- *Upstream Oil & Gas subgroup*: provides specialised banking services to international oil companies, national oil companies and independent oil companies in oil exploration and production, including asset divestment and field development, as well as in general oil and gas services (including drilling, marine and logistics, engineering, procurement, construction and installation, and refineries and petrochemicals).

- *Downstream Oil & Gas subgroup*: provides specialised banking services to large multinational oil and gas companies and independent oil marketers (individuals or companies that take possession of refined petroleum products for the purpose of reselling those products) engaged in product finance, infrastructure, logistics, storage and retail and distribution.

- *Project and Structured Finance subgroup*: provides advisory services to meet the infrastructure financing needs of corporate and commercial clients including government agencies. This subgroup also leverages the UK branch to provide relationship management services to major international clients and to support infrastructure development and financing.

- *Foods and Beverages subgroup*: focuses on the foods and beverages industry in the fast-moving consumer goods sector, and services provided include cash management, liquidity management, distributors' support programme, structured finance and vendor/supplier payment scheme.

- *VCM subgroup*: the VCM subgroup focuses on harnessing banking opportunities across the value chain of its customers in the Corporate and Investment Banking Group to provide a competitive and robust framework for the acquisition and management of clients operating within the value chain of the corporate names within the Group and increase the Bank's market share of such businesses. Additionally, the VCM subgroup seeks to identify and develop new Distributor Credit Programme strategies that will further enhance the Bank's market share, as well as create standardised value propositions to customers that will improve effectiveness, turnaround time and product efficiency in order to strengthen customer relationships and build customer loyalty.

For the six months ended 30 June 2021 and the years ended 31 December 2020, 31 December 2019 and 31 December 2018, the Corporate and Investment Banking SBU generated profits on ordinary activities before tax of ₦50.3 billion, ₦55.8 billion, ₦76.8 billion and ₦86.3 billion, respectively.

The Group's Corporate and Investment Banking SBU accounted for ₦3,789 billion or 37.69% of total assets as at 30 June 2021, ₦2,902 billion or 33.4% of total assets as at 31 December 2020, ₦2,790 billion or

39.04% of total assets as at 31 December 2019 and ₦1,570 billion or 31.4% of total assets as at 31 December 2018.

Lending

To meet the needs of the Corporate and Investment Banking SBU's clients, and to enhance the Group's customers' ability to meet their financial obligations and operate effectively, the Group offers financing assistance in the form of:

- working capital financing options, which include drawing against uncleared bank cheques, overdraft facilities, revolving credit facilities, invoice discounting, distributor credit plans, trade finance and leases;
- long-term financing, including term loans, project finance, syndicated loans and note issuance facilities; and
- local and international trade-related products, including advance payment guarantees, bid bonds, performance bonds (where the Bank undertakes to meet the shortfall in the estimated cost for project construction in the event of a default by the developer or contractor), and retention bonds (where the Bank guarantees that a contractor will carry out all necessary work to correct structural and other defects discovered immediately after the completion of the contract, even if full payment has already been made to the contractor).

Within the Corporate and Investment Banking SBU, the Group's loans are spread across the various industries and segments covered by each subgroup. As at 30 June 2021, the Group's net loans portfolio (total loans less provision) totalled ₦3,990.97 billion, 44.84% of which were loans to Corporate and Investment Banking SBU clients. As at 31 December 2020, the Group's net loan portfolio totalled ₦3,610.9 billion, 38.76% of which were loans to Corporate and Investment Banking SBU clients. As at 31 December 2019, the Group's net loan portfolio totalled ₦3,064.4 billion, 44.71% of which were loans to Corporate and Investment Banking SBU clients. As at 31 December 2018, the Group's net loan portfolio totalled ₦2,136.1 billion, 37.03% of which were loans to Corporate and Investment Banking SBU clients.

By virtue of the applicable standard terms of such loans, some of the Group's loans in Naira pay interest at a floating rate linked to its prime lending rate ("**PLR**"), the CBN's MPR or NIBOR, and all of its loans in U.S. dollars pay interest at a floating rate linked to LIBOR for loans in U.S. dollars. The Group typically applies PLR as the reference rate for bilateral loans in Naira and NIBOR as the reference rate for syndicated loans in Naira. Loans to Corporate and Investment Banking customers are generally charged at a margin over the applicable NIBOR or over the MPR or PLR for Naira loans, and a margin over the applicable LIBOR for U.S. dollar loans. In addition, a facility fee and a management fee is generally charged on each loan. As at 31 December 2020, ₦364.47 billion, or 26.04% of the Group's net loans to Corporate and Investment Banking clients, were denominated in U.S. dollars and other foreign currencies.

Deposits and Other Funding Sources

The deposit products offered to customers of the Group's Corporate and Investment Banking SBU consist of on-demand and term deposits. In addition to deposit accounts, some of the products and services offered to such customers include the issuance of local drafts, local fund transfers between accounts, cash-in-transit and draft-in-transit services, batch payments, bill payments, third-party transfers, safe custody services, duty payments and government remittances.

As at 30 June 2021, the Group's deposits from customers totalled ₦5,974.76 billion, of which ₦1,844.84 billion, or 30.88%, were from Corporate and Investment Banking clients.

As at 31 December 2020, the Group's deposits from customers totalled ₦5,587.4 billion, of which ₦1,859.9 billion, or 33.3%, were from Corporate and Investment Banking clients.

As at 31 December 2020, 29.93% of the Group's deposits from customers were denominated in U.S. dollars and other foreign currencies, the majority of which were from Corporate and Investment Banking customers.

Other products and services

The Corporate and Investment Banking SBU also aims to provide innovative finance solutions to meet the short, medium and long-term financing needs of clients, and offers services to multinationals, large domestic corporate, and other institutional, commercial and retail clients. Products offered include treasury (trading in fixed income and currency products), corporate finance, project finance and structured finance (acquisition and leveraged finance services) and cash management solutions, including through its corporate internet platform, Primus.

Investment banking functions are facilitated through the Treasury & Global Markets business group and the Project and Structured Finance business group. The Treasury & Global Markets business group is a market leader in fixed income and currency trading in Nigeria based on volumes traded, according to data released by Central Securities Clearing Systems Limited ("**CSCS**"), while the Project and Structured Finance business group continues to build core competence in structured finance and advisory transactions that continue to be permissible under the terms of the Bank's new international commercial banking licence.

Collaborating with other strategic business units and leveraging the Group's expertise and strategic relationships with several DFIs and export credit agencies, the Corporate and Investment Banking SBU provides medium-to long-term alternative, innovative and sustainable funding solutions at very competitive pricing to eligible clients. The Corporate and Investment Banking SBU has developed a core competency in debt financing transactions and its expertise is recognised both locally and internationally. For example, through the division, the Bank successfully consummated a EUR60 million on-lending facility to support SME projects in Nigeria and raised a U.S.$160.5 million Trade Finance Facility to provide financing support to the Manufacturing, Agriculture, Agro-processing, intra-African trade, value-added exports, Power, Energy and ICT sectors in Nigeria, amongst other strategic deals and transactions. The Group also raised a U.S.$35 million on-lending facility to support renewable energy and energy efficient projects. In addition, a U.S.$93.8 million Tier II Facility was successfully raised by the Group to support the Bank's activities as well as a U.S.$50 million Working Capital Facility. Since 2006, the business has also been a primary dealer and market-maker in Nigerian sovereign, subnational (including state governments, other governmental agencies and parastatals) and corporate bonds, and it has consistently maintained a market share in excess of 10% across the various financial instruments in which it trades (*source*: CSCS). The Group was awarded "EMEA Finance Banking Award: Most Innovative Bank" in Africa 2020, the International Centre for Strategic Alliances: Best IT Risk and Security initiatives for 2020, the "Sustainable Bank of the Year Award (Middle East & Africa)" at the International Bankers Awards in 2021. The products and services provided by the Corporate and Investment Banking SBU have also received a number of awards, including the "Best Flow House in Africa" award at the Euromoney Awards for Excellence in 2015 and the "Most Active Global Trade Finance Programme Issuing Bank in Africa Award" by the International Finance Cooperation in 2010. In addition, Group employees have been invited as key speakers at different market development conferences across the globe, including Bloomberg's Eye on Africa conference in London and at the opening event in Mauritius of the first organised currency exchange in Africa. Management believes that the success of its Corporate and Investment Banking SBU is based in part on the strong relationships and partnerships it has with multilateral finance institutions and DFIs, which has enabled it to benefit from additional capacity and technical expertise and allowed it to enhance its own corporate governance and global risk management framework. See "*—Key Strengths—Strong relationships with development finance institutions, multilateral agencies and international correspondent banks*" above.

Treasury and Global Markets business group

The Treasury and Global Markets business group serve institutional clients and investors with sales and trading services, liquidity, hedging strategies, industry-leading insights, analytics and competitive pricing to the Group's institutional clients across the Group's global network. The Treasury and Global Markets business group offers a comprehensive range of foreign exchange services to retail, local and international corporates and public sector clients to enable them to manage effectively their foreign exchange risk exposure. Over the past year, it has enhanced its foreign currency trade and settlement platform, AccessFX; offering market participants real-time price discovery and liquidity on G10 currencies. The Treasury and Global Markets business group's activities are carried out through two units, the Asset & Liability Management unit and the Sales & Trading unit.

The Asset & Liability Management unit is primarily responsible for managing market and liquidity risk, analysing loans to deposit ratios, cost of funds and the Group's overall balance sheet structure and ensuring the Bank complies with regulatory prudential requirements.

The Sales & Trading unit focuses on foreign exchange and fixed income trading. The Sales & Trading unit, through the foreign exchange desk, is responsible for the Group's currency trading. The Group's currency trading involves primarily direct buying and selling of major international currencies through spot, swap and forward contracts. The Group can buy and sell foreign currency directly in interbank transactions, rather than trading only with the CBN.

The fixed income desks are responsible for purchases and sales of debt instruments, primarily bonds and treasury bills. Since 2006, the Bank has been one of the primary dealers and market-makers in the Nigerian bond market and has been an active participant in the market, trading government bonds with various maturities. The Bank's trading securities consist of publicly listed debt instruments such as sovereign, subnational and corporate bonds of varying maturities. In the local currency money market, the Bank remains one of the few banking institutions authorised to operate as a market-maker in all types of government securities.

Apart from trading on its own account, the Group also trades securities on behalf of its clients as primary dealer.

In general, the treasury team provides innovative solutions to help its customers manage their foreign exchange risks while providing them with liquidity even at times of market illiquidity. Such solutions cut across funding, foreign exchange, liquidity, investment, hedging and other risk management needs.

The Bank's hedging solutions include foreign exchange spots, forwards, swaps and other innovative products that offer its clients the stability and comfort needed to ensure a striving business. The Bank is also active in fixed income instruments via prime brokerage services, sale and repurchase agreements, and other yield enhancement products.

The Group played a pivotal role in the development of the derivatives market in Nigeria having executed over 25% of all currency forwards traded by the CBN. The Group also initiated the online, executable quotes currency trading platform to ensure a far-reaching and more sustainable impact on the trading landscape.

The Bank was admitted to membership of the International Swaps and Derivatives Association ("**ISDA**") in January 2010.

Project and Structured Finance business group

The Project and Structured Finance business group specialises in the provision of investment banking activities covering financial advisory, debt raising, project finance and structured finance advisory services. The Project and Structured Finance business group is also actively involved in various strategic initiatives concerning the Group, including the execution of the Bank's own international and domestic capital markets transactions.

The Project and Structure Finance business group has developed a core competency in debt financing transactions and its expertise is recognised both locally and internationally. For example, through the division, the Bank successfully consummated a EUR60 million on-lending facility to support SME projects in Nigeria; raised U.S.$160.5 million Trade Finance Facility to provide financing support to Manufacturing, Agriculture, Agro-processing, intra-African trade, value-added exports, Power, Energy and ICT sectors in Nigeria, amongst other strategic deals and transactions. The Group also raised U.S.$35 million on-lending facility to support renewable energy and energy efficient projects. In addition, U.S.$93.8 million Tier II Facility was successfully raised by the Group to support the Bank's activities as well as a U.S.$50 million Working Capital Facility.

The Project and Structured Finance business group has been very active in encouraging foreign direct investment in Nigeria – it maintains strategic relationships with international development finance institutions, such as the IFC, the FMO, the African Export Import Bank and the AfDB, and assists Nigerian companies with obtaining funding from international sources. It also helps clients explore other potential avenues of access to international funding facilities.

The Project and Structured Finance business group has formed strategic partnerships with several DFIs such as the European Investment Bank ("**EIB**"), the FMO, Proparco, the AfDB and the IFC. Through these relationships, the Project and Structured Finance subgroup has provided funding of over U.S.$200 million for an average period of five years to a wide spectrum of clients across the manufacturing, industrial, agriculture, healthcare, hospitality and tourism and SME sectors, amongst others.

Following the CBN's repeal of the Universal Banking Guidelines, and the issuance of an International Commercial Banking Licence to the Bank, the Bank is no longer able to conduct financial advisory services that require filings with the Nigerian SEC. However, the Bank continues to be able to undertake debt syndications (including "club deals", which are syndicated loans, typically by a small number of banks), project finance advisory work, balance sheet restructurings, sourcing for medium-to long-term foreign currency on-lending lines, agent bank mandates, corporate restructuring services and receiving bank mandates.

Commercial Banking SBU

The Commercial Banking SBU focuses on incorporated companies with turnover of ₦5 billion to ₦20 billion (excluding companies that meet Corporate and Investment Banking SBU customer criteria), Federal Government ministries, departments and agencies, as well as state and local governments. The Commercial Banking SBU's target market includes companies that are within the Corporate and Investment Banking value chain, as well as federal, state and local governments. Specific target customers include Asian and Lebanese companies in key sectors/industries and particular states/cities, manufacturing companies, consumer, hospitality and lifestyle companies and contractors in particular sectors (oil and gas, construction and real estate). This is in line with the Group's strategic focus of banking the entire value chain of its corporate clients. Clients of the Commercial Banking SBU also include public sector entities (federal and state government ministries, departments and agencies). As at 30 June 2021, the Group had approximately 169,559 commercial banking customers and 1,034 public sector customers.

The Group's commercial banking customers are organised by geographic regions within Nigeria (Lagos, West, East, South, North and Abuja). These customers are usually owner-managed, have smaller turnovers, are usually less structured than the Bank's institutional banking customers and do not require the same level of complexity for their banking products and service needs.

The Commercial Banking SBU offers a wide range of banking services and products to meet the needs of the customers by following the value chain of customers, including various lending and deposit products, the issuance of local drafts, local transfers between accounts, cash-in-transit and draft-in-transit services, batch payments, bill payments, third-party transfers, safe custody services, duty payments and government remittances. Significant successes have been recorded with the application of the value chain strategy showing the potential for growth in the business with more rigorous implementation of this strategy. An example of such success is with MTN, the largest mobile telecoms operator in Nigeria, where the Bank designed a "distributor credit plan" that allows MTN to provide its distributors, one of the critical stakeholders in its value chain, with credit on airtime purchases, which credit is backed by a guarantee from the Bank. This provided a solution for MTN, which was not willing to take the credit risk on distributors, and has allowed MTN to realise the available sales potential, as well as supporting distributors in their businesses. Due to its success, this product has been deployed across a wide range of industries with similar structures.

The Commercial Banking SBU generated profit on ordinary activities before tax of ₦23.9 billion and ₦41.92 billion for the six months ended 30 June 2021 and the year ended 31 December 2020, respectively, and accounted for 37.31% and 42.05% of the Group's total assets as at 30 June 2021 and 31 December 2020, respectively.

The Group offers a range of lending products, including overdraft facilities, term loans, shorter-term time loans, lease financing and invoice discounting to its Commercial Banking customers, as well as other contingent facilities such as performance bonds, guarantees and import finance facilities (through letters of credit). These facilities are usually short-term in nature and range from one to four years. Within the Commercial Banking SBU, the Group's lending activities are spread amongst industries and geographies, with loans to customers in sectors such as oil and gas, telecommunications, projects and infrastructure, real estate, manufacturing, automobile, aviation, food and beverages, fast-moving consumer goods and general commerce, and with customer bases that extend throughout the country. These customers are largely distributors, suppliers and other service providers (that is, stakeholders in the value chain) of the large corporate clients of the Bank's Corporate and Investment Banking SBU, as well as of other emerging, large Nigerian corporations whose turnover or business structure may not yet allow them to qualify as clients of the Corporate and Investment Banking SBU. The majority of loans to commercial customers (including loans made by the Corporate and Investment Banking SBU) are secured, primarily by real estate. As at 30 June 2021, the Group's loans and advances totalled ₦3,990.97 billion, of which ₦1,833.06 billion, or 45.93%, were loans to Commercial Banking SBU clients. As at 31 December 2020, the Group's loans and advances to customers totalled ₦3,390.3 billion, of which ₦1,968.3 billion, or 54.5%, were loans to Commercial Banking SBU clients. As at 31 December 2020, ₦84.8 billion, or 4.31%, of the Group's gross loans to Commercial Banking SBU clients were denominated in U.S. dollars and other foreign currencies.

Deposits

The typical deposit products offered to customers in the Commercial Banking SBU consist of current accounts, banker's acceptances, term deposits and fixed rate deposits. As at 30 June 2021, the Group's deposits from customers totalled ₦5,974.76 billion, of which ₦1,281.22 billion, or 21.44%, were from Commercial Banking clients. As at 31 December 2020, the Group's deposits from customers totalled ₦5,587 billion, of which ₦1,292.9 billion, or 23.1%, were from Commercial Banking clients. As at 31 December 2020, ₦238.3 billion, or 18.43%, of the Group's deposits from Commercial Banking clients were denominated in U.S. dollars and other foreign currencies. See also "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Financial Condition—Deposits from customers*".

Public Sector subgroup

The focus of the Public Sector subgroup within the Commercial Banking SBU is on all institutions operating under the auspices of government, including within the executive, legislative and judiciary branches, and at federal, state and/or local Government levels. Some of the products and services offered to the public sector include batch payments, revenue collection schemes, cash management, deposit and investment, electronic payroll systems, offshore remittances and foreign exchange and project finance.

In order to provide financial relief to state governments and support the Nigerian economy, the Nigerian Federal Government has implemented two facilities, the SBO and the ECA, available to states that meet a 22-point reform agenda created under the Federal Government's Fiscal Sustainability Plan. Of the 27 eligible states, 16 states accessed such funds through the Bank which, as at 31 December 2020, amounted to ₦173.9 billion in funds. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Public sector lending*". As at 31 December 2020, the total lending of the Group to the public sector was ₦233.7 billion, or 6.94% of total lending, comprising of ₦61.3 billion via the SBO, ₦112.6 billion via the ECA and ₦59.7 billion of direct lending from the Group's balance sheet.

Business Banking SBU

The Business Banking SBU focuses on companies and SMEs with annual turnover of not more than ₦5 billion. The Business Banking SBU adopts the Commercial Banking SBU's target market model, and focuses on customers that are within the Commercial Banking and Corporate and Investment Banking SBU customers' value chain.

The Business Banking SBU generated profit on ordinary activities before tax of ₦5.5 billion for the six months ended 30 June 2021 and ₦5.7 billion for the year ended 31 December 2020, and accounted for and ₦317.7 billion, or 3.16%, of total assets as at 30 June 2021 and ₦299.9 billion, or 3.45%, of total assets as at 31 December 2020.

Lending

As at 30 June 2021, the Group's loans and advances to customers totalled ₦3,582.9 billion, of which ₦156.1billion, or 3.91%, were loans to Business Banking SBU clients. As at 31 December 2020, the Group's loans and advances to customers totalled ₦3,218.1 billion, of which ₦139.7 billion, or 3.9%, were loans to Business Banking SBU clients. As at 31 December 2020, ₦11.7 billion, or 8.37% of the Group's gross loans to Business Banking clients were denominated in U.S. dollars and other foreign currencies.

Deposits

As at 30 June 2021, the Group's deposits from customers totalled ₦5,974.76 billion, of which ₦480.7 billion, or 8.05%, were from Business Banking clients. As at 31 December 2020, the Group's deposits from customers totalled ₦5,587.4 billion, of which ₦509.2 billion, or 9.11%, were from Business Banking clients. As at 31 December 2020, ₦92.15 billion, or 18.10%, of the Group's deposits from Business Banking clients were denominated in U.S. dollars and other foreign currencies.

Retail Banking SBU

The Group's Retail Banking SBU comprises personal banking, which focuses on affluent professionals, employees in the value chain of the Group's corporate clients, as well as students, pensioners, employees of religious organisations, informal traders and the mass market, and private banking, which focuses on ultra-high and high net worth individuals.

The Retail Banking business is structured to develop and promote the retail business generally through traditional branches, as well as electronic banking channels and the provision of services to individual account holders. The Group's goal for the Retail Banking business is to bank one in every two Nigerians by the end of 2022. In 2020, the Group ranked number one in retail banking income in Nigeria with ₦56.1 billion in fee income from the use of its digital banking platforms and alternative channels. This supports the Group's aspiration to be the number one retail bank by customer base and revenue. As at 30 June 2021, the Retail Banking business served over 40,518,415 million customers.

The Group has significantly expanded its presence in the Nigerian retail banking business by the addition of Intercontinental Bank Group's extensive retail branch and distribution and customer networks. On 19 March 2019, the Bank successfully completed its merger with Diamond Bank, which substantially bolstered its retail banking operations in Nigeria. Following the Diamond Bank Merger, the Bank expanded its customer base to 29 million customers including more than 13 million mobile customers, as well as its ATMs and POS which increased to 3,100 ATMs and approximately 32,000 POS. As at 30 June 2021, the Group had 729 branches (of which 566 are located in Nigeria, two are located in the United Kingdom, one in the United Arab Emirates (an extension of Access UK), with the remaining banking branches located in other sub-Saharan African countries (including Sierra Leone, Gambia, Zambia, Rwanda, Ghana, Kenya, Mozambique and the Democratic Republic of Congo)) and over 2,950 ATMs.

The Retail Banking SBU is organised by geographic region within Nigeria and is structured as three broad customer segments:

- *Private Banking*: this subgroup focuses on affluent professionals, which comprise management and executive level employees of private companies and the public sector;
- *Retail Banking*: this subgroup focuses on employees in the value chain, which comprise employees of incorporated companies below management level, officers and support staff; and
- *Inclusive Banking*: this subgroup focuses on students, pensioners, employees of religious organisations, informal traders and the mass market.

The Retail Banking SBU's products and services range from standard to specialised savings, current and investment accounts. This division offers credit products including personal loans, advances, mortgages, asset finance, small business loans and credit cards. E-business products offered include internet banking, mobile banking, merchant services and customised corporate solutions.

The Retail Banking SBU's private banking business focuses on ultra-high and high net worth individuals. The private banking business provides clients with integrated wealth management products and services such as portfolio management, concierge and custodian services, with the aim of presenting a one-stop shop for wealth management services, including personalised and timely service, confidentiality, funds administration and financial advisory services. Products and services offered by the private banking business include credit cards, portfolio management services (including dedicated wealth managers), credit facilities, core banking products (including VIP current and savings accounts) and other exclusive privileges (including custody and safekeeping services, mail holding services and concierge/passenger assistance services).

For the six months ended 30 June 2021, the Retail Banking business generated a profit on ordinary activities before tax of ₦17.7 billion, and accounted for ₦451.6 billion, or 4.49%, of total assets as at 30 June 2021. For the year ended 31 December 2020, the Retail Banking business generated a profit on ordinary activities before tax of ₦22.4 billion, and accounted for ₦234.8 billion, or 2.7%, of total assets as at 31 December 2020.

Currently, retail lending in Nigeria is constrained by the lack of a comprehensive credit bureau, a legal framework that makes it difficult to register and pledge land as collateral and the lack of a national identity card system. See "*Risk Factors—Risks relating to the Nigerian banking sector—The high credit risk of Nigerian borrowers and the lack of a fully developed central credit bureau in Nigeria may adversely affect the Group's retail loan portfolio*". Loans to individuals are generally only made when individuals pass certain credit reference checks in accordance with applicable regulations.

As at 30 June 2020 ₦287.8 billion, or 8.03%, of the Group's loans and advances to customers were loans to individuals. As at 31 December 2020, ₦205.3 billion, or 6.38%, of the Group's loans and advances to customers were loans to individuals. The Group also lends to approximately 8,800 state government employees primarily in the form of personal loans, and as at 30 June 2021 these loans accounted for ₦8 billion, or 0.2%, of the Group's total gross loans. As the Group provides payroll services to many state and federal employees, the Group's retail lending to public sector employees is payroll deductible. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Public sector lending*" and "*—Loans and advances to customers*".

The range of loan products offered to Personal and Private Banking customers includes term loans, overdrafts, lease financing (to assist small and medium-sized enterprise customers with equipment and machinery requirements), invoice discounting (purchasing account receivables from customers for cash, allowing customers to benefit from immediate cash flow whilst still retaining sales accounting and credit control functions; offered to small and medium-sized enterprise customers who have receivables from the Bank's large corporate clients), revolving credit facilities (usually to assist customers finance their permanent working capital, and mainly with a maximum tenor of three years).

Other lending/credit products include Visa credit card, MasterCard credit card, Auto Online (an online product designed to assist customers with the acquisition of new vehicles) and a Facility Upgrade Support Scheme Credit Programme, which provides short and medium-term financing to schools for the purpose of bridging short-term funding gaps, infrastructure development and asset acquisition.

Deposits

As at 30 June 2021, ₦2,367.99 billion, or 39.63% of the Group's total deposits from customers, were deposits from retail customers. As at 31 December 2020, ₦1,925.4 billion, or 34.46% of the Group's total deposits from customers, were deposits from retail customers. See also "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Financial Condition—Deposits from customers*".

The Group conducts its personal banking operations primarily through its network of 556 banking branches in Nigeria and 119 banking branches elsewhere in sub-Saharan Africa and the United Kingdom (as at 30 June 2021) and other distribution channels such as ATMs, points of sale and the internet. See "*—Distribution Channels*" below.

The deposit products offered to retail customers include current accounts, domiciliary accounts (offering interest-bearing foreign currency-denominated accounts in U.S. dollars, pounds sterling and Euros), Solo accounts (targeted at students and young adults), Access Premier Account (providing competitive interest rates for individual customers), Evergreen accounts (aimed at making banking easier during retirement and providing features such as free service changes, priority services and access to Evergreen lounges) and a number of savings accounts, including Access Early Savers (for children until they are teenagers), Access IPSA Account (a hybrid savings account with certain features and benefits of a current account, such as allowing direct deposits of cheques), and Investment Savings Account (suitable for regular savings).

The Group also offers MPower Biz Gold and Platinum business accounts, specially designed for business owners, SMEs, sole traders, professional firms, non-governmental organisations, schools and churches. They provide access to financial advisory services provided by the Group and the Access SME Toolkit, which is a financial services tool designed by the Bank to help business owners to set up, grow and manage their businesses more effectively.

Digital Banking

Digital Banking is a key driver of innovation in Nigeria's financial services industry. The increase in the use of technology is gradually changing consumers' behavioural patterns and expectations, particularly as it relates to purchase and payment systems. For example, social networking, peer reviews of products and online research are now the norm.

Digital payments are becoming significant in Africa with evidence that digital banking is becoming more popular than traditional forms of payment. The Group is positioning itself to meet this customer demand by placing digital distribution at the heart of its personal and business banking proposition. The Digital Banking Group was created in September 2014 to incorporate multichannel integration with an emphasis on creating new business models and digital assets that provide value to the Group's customers. During 2020, the Bank delivered unparalleled and uninterrupted digital banking services through its various channels which witnessed a spike in the volume of digital transactions and experienced an unprecedented increase in the sign-up of customers.

The Group's digital transformation journey began from 2002 to 2013 as traditional and digitally aspiring bank and then continued its digital transformation progress thereafter through:

- 2014 – 2015 D*evelopment of Digital Bank Unit*; Key achievement include Paywithcapture: Development of a Bank Agnostic Payment solution and onboarded. Monthly merchant collections of ₦10 billion. Automated Dangote Rewards Promo and increased the use of the Bank prepaid cards the Group developed its own digital bank unit with key;

- 2016 *Digital Bank with Fintech Partnerships*: Leverage on disruptive Fintech partnerships to provide innovative offerings. Development of *901 USSD platform to increase customer base in the unbanked and underbanked demographic. Strategic partnerships with Remita to offer payday loans (₦5.8 billion), set-up of basement to drive ideation and innovation;

- 2017 – 2018 *Finnotech Bank*: digital Bank with Disruptive Fintech model and incubation, completion of omnichannel banking Implementation on the Bank's mobile banking, successful implementation of e-mail account opening. More than 20,000 accounts have been opened since inception in June 2017, official launch of the AFF and commencement of first accelerator program; and

- 2019 – 2022 *Digitally*: Led Bank Agile and fully digitised wholesale and retail banking offerings. Thought leadership in digital innovation. Multi-tenant digital infrastructure gateway, Pan-African Digital Payment Gateway, Own/leverage market leading, award winning digital assets.

The Group's robotics process automation technology allows over 70 processes to be performed with over 15 million records processed daily and has replaced over 20 staff roles leading to efficiency and effectiveness in delivering service.

Some of the Group's key digital assets include Primus, Access more App, Accesspay solution, Tradeplus, QuickBucks, Payday Loans, IMTO APIs, Facepay, and PSB Banking Services Provider.

The Group also aims to provide reliable E-Banking solutions to enhance customers' experience. The Bank intends to leverage on its E-Banking platform to accelerate growth in personal banking and cash management. These services provide customers with added convenience, as banking can be conducted from anywhere and at any time. The key ideas behind the provision of E-Banking facilities are convenience, simplicity and security.

- *Primus*: the Group's corporate internet platform that provides a variety of features optimised to address the traditional payment and cash management requirements of large corporate and other categories of businesses. Primus provides access to a comprehensive range of banking solutions which offers collections, treasury services, trade services, payments and liquidity management services. It aims to be a consolidated financial transaction one-stop shop for the Group's corporate clients. In 2020 the application did over 590 million transactions and about ₦1.3 billion in revenues.

- *Access Internet Banking*: the Group's "easy to use" web-based internet banking application that allows customers to view the latest information on their accounts, track transactions and download and print their account statements from anywhere with online access. Customers can also set up, view and amend standing instructions. In 2020, the application processed over 2 million transactions representing approximately ₦145 million in revenues.

- *WhatsApp Banking*: giving customers access to their account over the phone. In 2020, the application processed over 77,621 transactions representing approximately ₦1.3 million in revenues.

- *Access Mobile Banking and Diamond Mobile*: providing customers with access to account information through the SMS facility available on any of the GSM networks. In 2020, the application processed over 265 million transactions representing ₦12 billion in revenues.

- *Access Debit and Credit Cards*: allowing customers to carry out transactions without the need to carry around large sums of cash.

- *AccessMore:* Upgraded Version of Access Mobile with additional products and services providing customers with access to banking and non-banking services and is facility is available on any of the GSM networks. In 2020, the application processed over 30 million transactions representing approximately ₦718 million in revenues.

- *Quickbucks:* This is a lending application for retail and SME customer. In 2020, the application processed over 100,434 transactions representing approximately ₦488 million in revenues.

The Group provides digital banking solutions which enable consumers to purchase and make payments conveniently, afford businesses the opportunity to sell and accept payments in their preferred manner, and connects them in a way that seeks to add value to both. These solutions support open unified multichannel integration that enables the Bank to deliver seamless customer service on any device or channel to third parties and external partners. The Bank can develop new services and incorporate services via web APIs. These digital banking solutions also enable the Bank to focus on achieving synergies across channels rather than only delivering a specific product or service.

The Bank's omnichannel banking initiative has seen the revamp and update of both the Bank's mobile and internet banking solutions with the ATM channel scheduled to follow later in 2021. The benefits to the consumer include simplified single sign-in to all channels as well as the ability to share data critical for superior customer experience such that on as beneficiaries and transaction histories. Additional benefits include simplified data management for the consumer and a reduced cost in providing this service.

The digital banking and IT group has begun to prioritize, optimize and digitize the key processes that impact customer experience and drive revenue generation as well as account opening and onboarding. To this end, the Group has launched the following initiatives:

- USSD Banking using the *901# dialling code to enable access to banking services and drive greater financial inclusion. In 2020, the application processed over 590 million transactions representing approximately ₦11 billion in revenues

- payday loans to selected accounts for which Access has the salary mandate, as well as a partnership with SystemSpecs' Remitta product to offer the same fast and accessible pay-day loans to salary account holders who are paid through Remitta. In 2020, the application processed over 3.9 million transactions representing approximately ₦5 billion in revenues.

- cardless withdrawal from ATMs using a customer's mobile device in the absence of an ATM card.

Other initiatives include Ondigo; a bank-agnostic financial management platform targeted at millennials that includes virtual debit cards and Tamara, an artificial intelligence powered chat platform that is capable of conversational interaction in simple, natural English with millions of customers simultaneously.

Finally, the Digital Banking group, recognising the role played by disruptors and innovators in FinTechs, has set up the AFF initiative to identify, and selectively collaborate with, the more disruptive FinTechs with whom the Group can find synergies and shared opportunities to explore. This unique approach has resulted in a hackathon, a Fintech conference and demonstration day as well as the selection of a cohort of three Fintech start-ups who will take up a four-month residency in the Bank's purpose built AFF facility to develop the next generation of radically innovative and disruptive solutions. In 2020, during the Digital Banking Summit, the Bank was awarded the "Digital Banking Summit" award in the category for "Best IT Risk and Security Initiatives of the Year", underscoring the recognition of its collective effort in delivering world class IT services, while managing risks and security.

The above and other digital initiatives are being managed and championed in a new organisational structure led by a new executive director for a unified digital and IT function.

IT and Operations

Through the IT and Operations division, the Group supports the operations of each of its other divisions by providing the information technology system and infrastructure, for example branches, and day-to-day transactional banking services, such as payments and collections, trade finance, operating units and retail products, to facilitate the transaction processing requirements of its customers. The division aims to provide quality-of-service delivery, quality-of-process execution and efficiency of operations. Products and services offered include telegraphic transfers, cash deposits, cash withdrawals, cheque deposits, draft issuances and letters of credit, which enable other divisions to carry out their assigned services. Examples of some of the products and services offered include:

- *Collections*: The Group's collections products are designed to expedite the receipt of funds into customers' accounts and to help them manage their receivables process with greater efficiency.

- *Payments*: The Group's payments products are designed to facilitate the management of customers' payments processes. For example, Access Pay is a product that is designed to integrate the customers' internal processing systems with the Bank's online payment platform and supports all types of payments, including salaries and allowances to employees, payments to suppliers and vendors and pension fund and tax payments. The result is a reduction in routine administrative tasks and increased payment efficiency.

- *Account Information*: The Group can provide customers with detailed account information to facilitate accounts reconciliation processes.

The IT and Operations division has in place relationship models for engaging the different categories of the Group's customers, which are designed to facilitate differentiated offerings to customers suited to their differing requirements and expectations. The three main categories of customer identified in this engagement model include: institutional and public sector clients; corporate and large commercial customers; and smaller commercial and individual clients.

Information Technology

The Group strives to use state-of-the-art infrastructure, processes and security to help ensure the smooth and efficient delivery of all its transactional banking products and services.

The Group has a robust information technology system that enables effective support of the Group's business strategy for business growth and sustainability. Management believes its automation projects have resulted in business optimisation, including improved process efficiency and cost reductions. They include:

- undertaking a phased approach in replacing its existing BPM solution whereby all automation presently on the historic platform are being migrated to the ProcessMaker BPM Solution to improve the Group's agility and flexibility, and speed up the rate of process automation development within the Bank.

- successful delivery and implementation of the Group's suite of integrated payments, collections, cash management and payroll solutions for the clients. These solutions can be integrated into the customers' systems to provide efficient and cost-effective bulk payments, collections and reporting capabilities, helping customers integrate their payments and collections systems and processes.

The ProcessMaker BPM Solution has processed over 40 million requests since its inception, implying the creation of 10 million records on an average yearly basis. The processes carried out on the platform cut across all functions including conduct, compliance, human resources, risk management, operations and legal. As at 30 June 2021, 34 different processes have been automated, representing an average cost savings of approximately ₦398.35 million in the business so far.

The Group has recently upgraded its core banking platform software to Flexcube UBS 12.1, which has enhanced functionality and provides a platform on which the Bank can serve its customers from various locations at any time. See also "*Risk Factors—Risks related to the Group—The Group is subject to risks relating to its information technology systems and its ability to remain competitive depends on its ability to upgrade such systems*".

By operating as one of the most sophisticated data centres in financial services in Africa, the Group aims to fulfil its computing requirements by acting as a primary site for hosting its core banking applications, enterprise applications and ATM systems, with a consistent power supply and sophisticated power management and cooling systems. The data centre provides a platform for all of the Group's IT services with high processing capacity and uptime and has been built to support the Group's future growth. The data centre is further supported by a secondary data centre as well as a disaster recovery centre, thereby ensuring continual availability of all the Bank's IT services across its network and to support the Group's future growth. Both data centres are located in Lagos (with the secondary disaster recovery centre located in mainland Lagos). Management is also exploring new locations for a disaster centre recovery outside of Lagos. Real-time replication of core banking applications has also been established between the primary data centre and the disaster recovery centre.

In 2020, the Group began an IT standardisation project across the subsidiaries which include upgrade on the core banking application and deployment of digital platforms across the Bank's subsidiaries.

The Group also actively participated and led in shaping the electronic payment services and the shared service initiative of the CBN. The Bank is a standing member of the CBN committees on payment system reforms. It also chaired various work streams and provided technical input into the process.

The Bank will enhance efficiency through a private cloud, a virtualisation to reduce server footprint and improve DR and cloud capability. Furthermore, the Bank will improve stability through application monitoring and use of a security operations centre.

Further transformation of the Bank's IT (IT architecture, software development, IT operations and infrastructure and operating model) will align with the Bank's vision to be the world's most respected African bank.

See also "*Risk Factors—Risks related to the Group—The Group is subject to risks relating to its information technology systems and its ability to remain competitive depends on its ability to upgrade such systems*".

Distribution Channels

The Group distributes its products and services through a variety of channels, including through its network of branches and ATMs across the various locations where it operates, as well as online and electronically through its internet and mobile banking platforms, and through the provision of POS terminals. The Bank also has dedicated relationship management teams throughout its branch network, who are responsible for marketing its products and services.

In addition to branches and ATMs, the Group also offers electronic banking products, which include, amongst others, AccessPay, AccessDirect, mobile banking, call centres, Visa cards, Access Online (online real-time account balance enquiries, transfers and printing of statements), Access Alert, Pay With Capture and AccessFX (supports online customers' foreign exchange transactions). The Group aims to continue expanding the channels through which it distributes products and service customers, including, where possible, development of more convenient and/or accessible channels to suit the needs of its customers.

Branches and Representative Offices

As at 30 June 2021, the Group had 729 branches (of which 566 are located in Nigeria, two are located in the United Kingdom, one in the United Arab Emirates (an extension of Access UK), with the remaining banking branches located in other sub-Saharan African countries (including Sierra Leone, Gambia, Zambia, Rwanda, Ghana, Kenya, Mozambique and the Democratic Republic of Congo)). The Group has also set up representative offices in China, Lebanon and India with the aim of taking advantage of increasing trade between Africa and Asia, and expects to use the China, Lebanon and India representative offices as hubs to service key trading partners in Asia. The Bank’s UK office also intends to open branches in France, India, and Hong Kong.

The Group uses a widespread network of branches which has been built to serve diverse sets of customers and businesses in line with the Operations and IT division's engagement model described above. Each branch's product and service offering is tailored to suit the needs of the customers it serves. The Group assigns branches within four categories, ranging from full-service branches to leaner branches that offer largely pay and receive services only. Branch categorisation is based on the size and characteristics of deposits and customers served by each branch, and is closely aligned with services provided to key customer markets and segments.

The operations of each branch are subject to internal regulation and to oversight by the Bank's head office in Lagos, Nigeria. Each branch is linked in real-time to the head office via either VSAT or fibre cable, and each branch has its own power generation system to supplement the main power network.

ATM network

The location of ATMs is determined on the basis of the size and location of the relevant branch, and some branches may have more than one ATM.

As at 30 June 2021, Access Bank Nigeria owned and operated about 2,950 ATMs. In addition, in common with many other retail banks in Nigeria, customers of the Group can use the ATM networks of other Nigerian banks for a nominal fee per withdrawal.

Other Distribution Channels

Other distribution channels include electronic and online banking products and services, including electronic fund transfers at points of sale, telephone banking, internet banking, mobile banking, the Group's call centres and use of new media platforms. Furthermore, in addition to being able to use its branches, ATMs and the network of third-party ATMs available throughout Nigeria, under arrangements between the Bank and third-party vendors, the Group's customers are currently entitled to use the Bank's card products to pay for goods or services at trade service outlets throughout Nigeria.

The Group has invested significantly in technology (Flexcube software, VSAT communications system and radio links) which interfaces with electronic delivery systems that facilitate multiple delivery channels to customers, including its ATM networks, on mobile devices and over the internet. See *"Risk Factors—Risks related to the Group—The Group is subject to risks relating to its information technology systems and its ability to remain competitive depends on its ability to upgrade such systems", "—Description of Business—Digital Banking" and "—Information Technology"*. The Group's range of internet, electronic and online banking products and services offer customers services such as collections and remittances of bills (including utility bills), real-time internet banking, purchase of mobile phone airtime, funds transfers, cheque requisitions and confirmations, balance enquiries and statement services. These products and services include:

- *Primus* – the Group's corporate internet platform that provides a variety of features optimised to address the traditional payment and cash management requirements of large corporate and other categories of businesses. Primus provides access to a comprehensive range of banking solutions, which offers collections, treasury services, trade services, payments and liquidity management services. The Group aims for Primus to be a consolidated financial transaction one-stop shop for Group's corporate clients.

- *Contact centre* – the Group's customer service centre provides telephone, email and SMS customer contact that is available 24 hours a day, seven days a week (including weekends and public holidays).

- *Visa Classic Credit Card* – allows customers access to an internationally accepted credit card from the Bank's range of Visa products. These cards have a wide range of features such as protection against fraud, lost/stolen card reporting and worldwide acceptance.

- *Visa Gold and Platinum Credit Card* – offers customers a wider range of benefits than the Visa Classic, with additional features and premium services such as car rental insurance, emergency cash and card assistance, and travel and emergency services.

- *Access Visa Debit Card* – this is a dual currency card linked to an individual's U.S. dollar domiciliary and Naira accounts, giving customers access to cash from their accounts and enabling them to make cashless payment for goods and services.

- *Master Debit Card* – this is a dual currency card linked to an individual's U.S. dollar domiciliary and Naira accounts, giving customers access to cash from their accounts and enabling them to make cashless payment for goods and services

- *Access Online* – an application that allows customers access to real-time banking transactions on the internet. Customers are able to access a wide range of online services, including tracking their transactions and printing statements.

- *Access Pay* – a web-based enterprise suite of payments and collections solutions that facilitates online, real-time payments to merchants across banks, one-off and recurrent payments and fund remittances.

- *Point of sale terminals* – allows customers to make cashless payments for purchases. In response to the CBN's new policy on cash-based transactions and drive towards a "cashless economy" aimed at encouraging more electronic-based transactions, and thereby reducing the amount of physical cash in circulation, the Bank has increased the number of its POS terminals significantly. As at 30 June 2021, the Bank had 63,675 POS terminals in strategic locations. These POS terminals are placed with retail merchants across the nation and are owned by merchant acquirers (such as Visa and Interswitch), with the Bank acting as bankers to these merchants. POS terminals support the businesses of the Bank's merchant customers by allowing their customers to pay for transactions without cash, and further improves the Bank's relationship within this value chain.

- *Access Mobile* – allows customers to carry out basic banking transactions from the convenience of their mobile phones. Transactions covered include funds transfers, balance enquiries, purchase of mobile phone airtime and payment of bills.

- A*ccess Direct* – an integrated electronic funds transfer solution that allows local money transfers from an Access bank account to any other account in the Bank and to a non-account holder for collection in any of the Bank's branches nationwide.

- A*ccess Trade* – a web-based portal that gives customers access to straight-through processing for trade transactions, including providing updates on import documentary credit applications and allowing customers to initiate requests for the issuance of guarantees.

- A*ccess Express* – a 24 hours a day, seven days a week (including weekends and public holidays) self-service electronic branch that requires minimal human interaction where customers are able to withdraw and deposit cash, enquire about account balances, access statements and previous transactions, receive and transfer funds, as well as pay for pre-booked airline tickets, purchase air time for mobile phones and settle utility bills. The Group currently has seven Access Express branches, located in Lagos, Abuja and Port Harcourt.

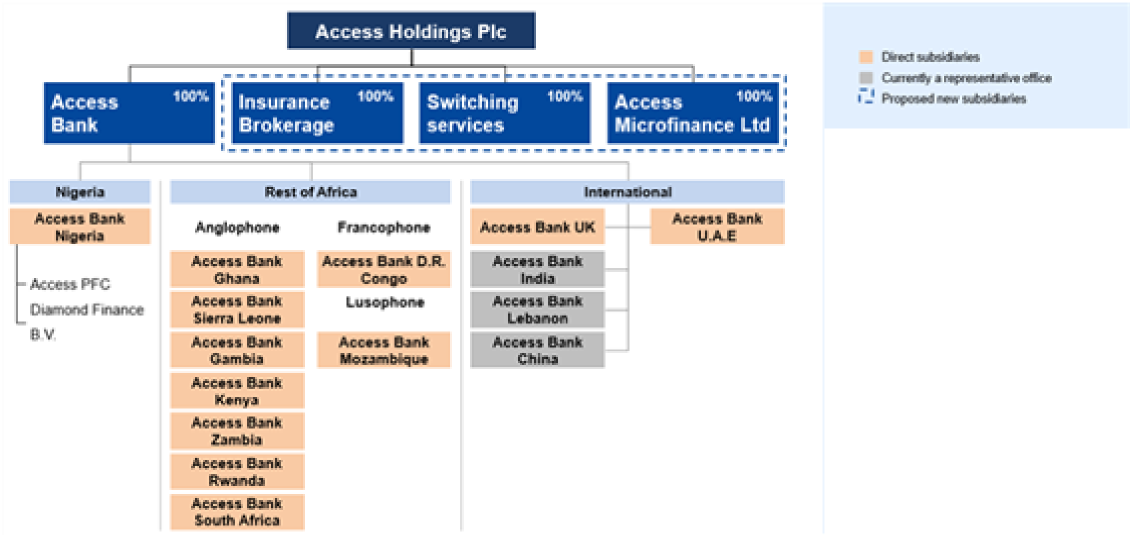
Proposed Corporate Reorganisation

The Bank's current operating licence limits its ability to engage in certain types of business in the technology industry and other non-traditional banking industry which is adjacent to the Bank's retail banking operations. By the end of 2022, the Group intends to reorganise its corporate structure to install a holding company as the Bank's parent company with various additional operations sitting in new subsidiaries alongside the Bank in the new group structure. The process will entail: (i) the incorporation of a new company to serve as a holding company, (ii) the migration of shareholders in the Group to the holding company through a Nigerian law scheme of arrangement, (iii) the creation of new subsidiaries and (iv) the redesignation of Access Microfinance Ltd to focus on consumer lending and agency banking. See "*Risk Factors—Risks related to the Group—The Group's planned reorganisation under a new holding company structure may be costly and complex*".

Management believes that the implementation of a reorganisation of the Bank and its subsidiaries under a proposed holding company structure ("**HoldCo Structure**") will afford the Bank the flexibility to venture into non-traditional banking industry operations like Fintechs and switching companies and these strategic alliances will strengthen the Group's digital footprint in the retail banking space.

Management believes the proposed HoldCo Structure will promote business diversification in an organised manner, facilitate the protection of the "Access Bank" brand, support manpower and succession planning within the Group and ultimately deliver on its overarching vision of being the world's most respected African Bank.

The Group's expected corporate structure following the implementation of the HoldCo Structure is set out in the chart below.



The Group expects the HoldCo Structure to be implemented by 31 December 2022, however the corporate reorganisation is subject to obtaining the necessary regulatory and other approvals. See also "*Risk Factors—Risks related to the Group—The Group's planned reorganisation under a holding company structure may be costly and complex*".

Insurance Brokerage

Insurance Brokerage Ltd (the "**Insurance Brokerage**") is proposed to be a separate entity with its own operations, people, and strategy. The Insurance Brokerage will be a subsidiary of the holding company following the contemplated corporate reorganisation. The Insurance Brokerage will assist the Group in its risk management strategy in facilitating insurance partnerships and coverage to insulate the Group and its customers from inherent risks to such activities.

Switching and Payment Services

The Payment Service Company ("**PayCo**") will be a separate entity with its own operations, people, and strategy. PayCo will be a subsidiary of the holding company following the contemplated corporate reorganisation. PayCo aims to boost remittance flows, domestic and cross border payments across Africa and the world in connection with the Group's strategic thrust of becoming "Africa's gateway to the world". To create efficiencies at its launch, PayCo utilises the Group's resources temporarily for particular areas, such as hardware, physical space, infrastructure, security and core banking.

The focus will be in core segments namely:

- cards business (namely, cards processing and acquisition) and providing card management services to the Bank.
- merchant payment solutions (namely, merchant acquiring business, e-commerce and offline payment transactions processing).
- third party payment processing (namely, payment processing and gateway solution).
- international payments (namely, remittances and cross-border transactions).
- invested companies (namely, payment companies in which the Bank has previously invested).

Microfinance Businesses

The Grow Microfinance Bank Ltd ("**Grow MFB**") will be a separate entity with its own operations, people, and strategy. Grow MFB will aim to be a subsidiary of the holding company following the contemplated corporate reorganisation. Grow MFB aims to increase credit penetration and increase financial inclusion in the retail population leveraging a best-in-class digital infrastructure and agency banking model. The primary strategic objectives of Grow MFB will include:

- enhanced access to finance by leveraging technology and analytics to increase credit penetration and bespoke financial services in the consumer segment.
- facilitation of financial inclusion growth by closing the financial exclusion gap and an enabler in achieving the CBN's 5-year financial exclusion target.
- robust financial services by developing bespoke banking products focused on the consumer market characteristics.
- enhanced risk management by applying specialisation methods in managing risks peculiar with the domestic retail segment leveraging group's personnel vast experience, analytics and methodologies.
- cheap funding through competitive pricing due to its lean operating cost structure and resources.
- diversification of the Group’s earning channels.
- taking swift and apt decisions as the consumer market characteristics shift rapidly thereby unburdening the Group.

Anti-Money Laundering

Corruption and money laundering have been and continue to be identified by external analysts as significant issues in Nigeria. As a result, the Nigerian Government has sought to implement various measures to prevent and fight these issues. These include the enactment of the updated Money Laundering (Prohibition) Act of 2011, as amended by the Money Laundering (Prohibition) (Amendment) Act of 2012, as well as the Terrorism (Prevention) Act of 2012, as amended by the Terrorism (Prevention) (Amendment) Act of 2013, which require financial institutions to monitor certain financial transactions of their customers more closely for evidence of money laundering and increases the reporting requirements of financial transactions by financial institutions. In addition, the CBN now requires banks to ensure that their customers who are "designated non-financial institutions" (which include dealers in jewellery, cars and luxury goods, supermarkets, hotels and casinos) are registered with the Special Control Unit on Money Laundering of the Federal Ministry of Trade and Investments prior to establishing a business relationship with them. The Nigerian Government also established the EFCC in 2004, whose purpose is to investigate all financial crimes including, amongst others, advance fee fraud money laundering, counterfeiting and futures market fraud. In addition, the CBN now requires banks to ensure that their customers who are "designated non-financial institutions" (which includes dealers in jewellery, cars and luxury goods, supermarkets, hotels, casinos and professionals such as law firms and accounting firms), are registered with the Special Control Unit on Money Laundering (the "**SCUML**") of the Federal Ministry of Industry, Trade and Investments prior to establishing, or continuing, a business relationship with them. Management believes it is fully compliant with the requirements of the SCUML.

The Bank has implemented an anti-money laundering and combating financing of terrorism ("**AML/CFT**") programme (the "**AML/CFT Programme**") that is maintained and reviewed to help ensure compliance by Access Bank and its employees with the provisions of the Money Laundering (Prohibition) Act of 2011, the CBN's "Know Your Customer" Manual of 2003 and the Wolfsberg Principles (anti-money laundering principles for private banking drafted by a group of international global banks, published in May 2002), as well as the FATF 40 Recommendations of Combating Money Laundering and the Financing of Terrorism & Proliferation. The AML/CFT Programme is designed to try and ensure that there are appropriate systems in place to prevent, promptly detect and report money laundering activities within the Group.

The objectives of the AML/CFT Programme are to engender a compliance culture, mitigate the impact of certain operational, reputational and legal risks, protect the safety and soundness of the Bank, and protect employees from risks they may run while carrying out their duties and obligations.

The Group's AML/CFT policies and procedures have been approved by the Bank's senior management and the Board of Directors, and adopted across the Group. The policies and procedures require the Bank to properly identify each new customer and to accurately verify all of the information and documents provided by such customer. Know your customer and enhanced due diligence procedures are carried out at all times, and suspicious transaction and currency transaction reports are rendered to the Nigeria Financial Intelligence Unit ("**NFIU**") periodically. The Bank also carries out transaction monitoring and filtering against approved watch lists, such as the European Union list, the United Nations list and the United States Office of Foreign Assets Control list. A Chief Compliance Officer is appointed at the senior management level to oversee the AML/CFT Programme and report to the Board of Directors. In addition, the Bank trains its staff on aspects of AML/CFT to raise staff awareness. The Bank also has an internal audit team that conducts an internal audit at least once each quarter to ensure adherence to the AML/CFT Programme. The audit report generated is circulated to the Board of Directors through the Board Audit Committee, as well as the heads of each relevant department. The Bank also carries out periodic self-assessments using AML/CFT consultants, and its efforts in this area are subject to review by the CBN and NFIU.

The Bank also carries out Group-wide anti-money laundering training once each quarter to train staff on combating money laundering and terrorism financing.

Insurance

Insurance policies are used to mitigate operational risks. These policies are current and remain applicable in the Group's operating environment. Insurance coverage is purchased at the Group or cluster (subsidiaries grouped by geographical proximity) level to discharge statutory and regulatory duties, or to meet counterparty commitments and stakeholder expectations. The primary insurance policies currently maintained by the Group include comprehensive crime and electronic crime insurance, directors' and officers' liability insurance and professional indemnity insurance. The Group also purchases insurances for tangible assets such as cars, equipment and cash, and maintains fire insurance.

See "*Risk Factors—Risks related to the Group—The Group may not have adequate insurance to cover losses suffered as a result of deficiencies in its internal control policies and procedures*".

Marketing

The marketing strategy of the Bank typically has a five-year planning horizon in line with the corporate objectives of the Bank. This is developed based on a detailed study of the present and forecast Group operating environment, and the internal capabilities of the Group. To assure stakeholders as to its commitment to continuous delivery of excellent financial services and solutions, and to meet and exceed customers' expectations, the Bank started its 10:10 recruitment campaign in 2015, which was an online mode of recruitment that gave candidates the opportunity to apply for only 10 minutes per day (from 10:00 am to 10:10 am) over a certain period.

In 2014, the Bank launched the "W" initiative to serve female customers. This new approach provides banking solutions to meet the unique financial and lifestyle needs of women across distinct subsegments, including young professionals, women with families and woman in business. Also, as part of its marketing strategy initiative, the Bank collaborated with a major telecoms operator, Airtel Nigeria, to develop and launch the "Access Money" mobile money service powered by Airtel. This service allows customers to perform simple, secure and instant financial transactions using their mobile phones.

These strategies have provided the basis for the Bank's expansion across Africa and the United Kingdom, and Management believes that acceptance, recognition and support received by the brand has significantly enhanced the Bank's corporate and brand positioning across borders. The successful implementation of this strategy has earned the Bank a number of domestic and international recognitions and awards. These awards include, amongst others, 2020 Euromoney "Africa's Best Bank for SMEs", 2020 Asian Banker Awards "Best Digital Bank in Africa", 2020 EMEA "Best Bank in Nigeria", 2020 IFC Global Trade Awards "Best Issuing Bank Partner, Africa", 2020 Global Finance Awards "Best Trade Finance Provider, Nigeria", 2019 World Finance Award "Best Digital Bank in Nigeria"; 2019 World Finance Award "Best Mobile App in Nigeria"; 2019 Karlsruhe Sustainable Finance Awards; "Outstanding Business Sustainability Achievement"; 2018 Euromoney Private Banking Awards "Best Commercial Banking Capabilities"; 2018 Euromoney 'Africa's Best Bank for CSR' Award; 2018 CBN 'Sustainable Bank of the Year'; 'Sustainable Transaction of the Year (Oil & Gas)', 'Sustainable Transaction of the Year (Power)'; 2018 Global Banking and Finance Review, "Best Investor Relations Bank in Nigeria"; 2018 SERAS "Most Sustainable Company in Africa"; 2020 Asian Banker 'Best Digital Bank in Africa'; and 2019 CEO Awards Forum "Gender Leader of the Year".

Innovation, Research and Development

Through its research and development ("**R&D**") functions, the Group seeks to maintain a sound basis for creating market-driven products and services.

In this regard, the Group has invested in the AFF, which is the digital innovation department of the Bank and can be best described as the FinTech hub of the Bank responsible for accelerating start-ups to scale and delivering ground-breaking innovation. The objective of AFF is to innovate, source, train, mentor, fund and create a catalyst structure to enable start-ups attain scale after acceleration, thereby providing greater access to financial services for the financially excluded across Africa. In the catalyst structure, AFF is responsible for providing advice at various stages of the start-up journey, operational support, as well as overall guidance for the firms in its portfolio. AFF is proud to have accelerated over 16 start-ups and as at 30 June 2021 had 500 start-ups in its ecosystem while the AFF aims to maintain a minimum of 50 start-ups in its portfolio where it will have equity in each of the start-ups over the next five years.

In addition, AFF acts as an industry ecosystem orchestrator responsible for delivering platforms to bring ecosystems together.

In the area of innovation and digital enablement, AFF has designed, developed and rolled out novel digital solutions for the Group which include: Access More; Access Rewards; Access Africa; Digital Loans; Unstructured Supplementary Service Data ("**USSD**"); Facepay; Digitised Customer Onboarding; Robotics Process Automation; API Economy Access FX; and Access Trade.

- **Access More** is a digital banking application that accentuates the Group's digital customer acquisition strategy, facilitates digital customer interaction with the Bank and shortens the turnaround time for complaints management as customers leverage Access More to get their issues resolved. As at 31 December 2020, Access More had 1,730,676 customers with 1,189,782 active customers. Personalisation is also a key driver for the Group's digital customer transformation journey. Access More allows customers to modify user interface and feature specification to suit their preference. Access More is focused on providing interactions beyond conventional mobile banking with innovative features such as Nearby Payments (QR and Bluetooth), shopping mall (called Central), flight booking, visa payments, instant loans (no documentation, no collateral), Access Africa (transfer to the Bank's African subsidiaries and other countries).

- **Access Rewards** is the first of its kind digital instant reward and loyalty programme in Nigeria, and was developed by AFF to help the retail business improve customer loyalty and increase stickiness. Access Rewards incentivises customers when they make payments on the Access More application by enabling customers to earn points that can be redeemed on the Mobile App. Earned points can be used to pay bills, buy airtime and pay for other lifestyle propositions. The reward system is now being extended to third-party merchants to help incentivise their customers while promoting commercialisation of the platform. This product was designed, developed and implemented within the Bank.

- **Access Africa** supports one of the Bank's digital strategic key pillars to be Africa's Payment Gateway to the world. The product is designed to simplify global payment by enabling Person-to-Person ("**P2P**"), Business-to-Business ("**B2B**"), Person-to-Business ("**P2B**"), Government-to-Person ("**G2P**") and any other payment activities/flows. The product has remittance integrations with multiple remittance fintechs in over 15 countries to enable near instant payment.

- **Digital Loans**: The Bank provides a financing option which enables customers to apply for fast, digital, non-collateralised loans, leveraging artificial intelligence and automation technology to provide near instant loans with a total turnaround time of less than a minute. The Bank makes digital loans available to the Bank and non-Bank customers that are salaried employees of a business for a maximum of 30 days or salary payment day (whichever comes first). These loan products can be accessed through various digital channels such as USSD, mobile banking, internet banking, ATM and QuickBucks loan application.

- **Unstructured Supplementary Service Data** ("**USSD**") - There are over 650 million phones in Africa and a sizeable number of these phones are feature phones. Sub-Saharan Africa is home to one of the most successful mobile money regimes in the world. As part of the Bank's strategy to lead in the mobile money space and to close the financial exclusion gap of 36.8%, the USSD platform was launched in 2016.

- **Facepay** is the first of its kind facial recognition payment solution in Africa, which leverages artificial intelligence and machine learning to enable customers to use their faces to make payments at merchant locations. Facepay is also used for instant verification of customers at branches, thereby reducing queues and turnaround time, promoting financial inclusion and providing value to an underserved market.

- **Customer On-boarding**: In line with the Group's digital transformation strategy to ensure smooth customer onboarding, the Group acquires customers organically through its digital platforms (account opening features are available on mobile banking, website, USSD, etc.) and through third-party partnerships.

- **Robotics Process Automation**: the Bank has automated all processes using the Process Maker solution. Process Maker is a cloud platform designed with low-code business process management ("BPM") software coupled with extended legacy systems that automates form-intensive, approval-based processes across departments and systems.

- **API Economy**: As part of the Group’s drive to harness the opportunities of open banking, the Bank has standardised and secured all of its APIs to make it easy for third parties to consume through a world-class developer portal. This strategy will accentuate the Bank's commercialisation revenue from digital assets.

- **Access FX** is an innovative product that provides corporate and institutional customers with online access to foreign currency transactions.

- **Access Trade** is an innovative product designed to facilitate seamless trade transactions between the Bank's customers and their trade partners in any part of the world. The product is a web- enabled application which supports online, real-time initiation and tracking of transactions by customers of the Bank from any location where internet access is available.

As a result, Management believes that it can provide value to customers by designing its products and services to achieve cost savings for customers or increase their capacity to generate more revenues.

Hackathon: AFF holds quarterly hackathons with the objective of creating innovative solutions in response to the distinct challenges faced in the Bank and in some of Nigeria's leading sectors. At such hackathons, the Group AFF utilises the creativity and talent of a large community of developers and experts to solve problems across different sectors and industries.

Basement: As an institution, the leadership and employees of Management believe that innovation does not just set the Bank apart from the competition, but also enables it to consistently deliver an enjoyable experience that addresses the current and evolving needs of its customers. To support further innovation, the Bank has established the Basement in 2016, an online portal where employees can share and improve upon innovative ideas. The enthusiasm of the Bank's employees for this initiative has resulted in over 38,000 collaborative actions on the Basement as at 30 June 2021. On a daily basis, the Bank's employees ideate, collaborate, review and comment on ideas. This collaboration has resulted in developing and improving world-class technology platforms, enhancing the work-life balance of the Bank's employees, integrating customer feedback mechanisms, and improving internal working relationships amongst employees.

In line with what Management believes is consistent with trends seen in the financial service industry in developed economies, the Bank intends to continue its concerted efforts at strengthening R&D as part of its strategic vision to become the world's most respected African bank.

Employees

As at 30 June 2021, the Group employed a total number of 6,497 staff, comprising 2,994 female staff and 3,503 male staff compared to a total number of 5,434 staff (comprising 2,524 female staff) and 2,910 male staff as at 31 December 2020; 5,870 staff (2,711 female staff and 3,159 male staff) as at 31 December 2019; and 3,406 staff (1,598 female staff and 1,808 male staff) as at 31 December 2018.

In 2019, as a result of the Diamond Bank Merger, the Group's workforces grew by over 60%. As a means to improve efficiencies, the Group conducts employee training sessions, and outsources its non-core positions with low skill requirements by hiring independent contractors to fill low skill positions. In order to maintain its standards of client service, the Group has implemented a training programme for Intercontinental Bank employees that remained with the Group, and the efforts to enhance and establish further training facilities are ongoing. In addition, the Group intends to set up a new training facility in Lagos to further enhance the range and depth of training offered to its employees.

The Bank has established a performance bonus incentive scheme which seeks to attract and retain high-performing employees. Awards to individuals are based on the job level, business unit performance and individual performance. In 2013, the Group established an Employee Performance Share Plan which awards the Bank's shares to its employees, subject to such terms and conditions as the Board of Directors may determine from time to time. In addition, the Group has put in place a long-term incentive programme, which rewards senior and executive management for loyal service to the Group for a period in excess of 10 years.

Commitment to Community

The Bank is committed to supporting the growth and prosperity of the communities across Nigeria of which the Bank is an integral part. The Bank has made, and continues to make, deliberate efforts to support various projects, organisations, and events focused on making a positive difference in the communities in which the Bank employees live and work. Priority areas include Health, Education, Sports, Arts, Environment, Women Empowerment and Social Welfare. The Bank has invested ₦9.34billion in CSR since 2015, thereby impacting 1,316 communities and reaching 30,075,356 individuals and 793 NGOs. Some of the Bank's most notable social investments in the past year include:

- 2019 World Malaria Day;
- ART X Lagos;
- Access Bank Lagos City Marathon;
- Access Bank Polo Tournament; and
- World Day for Street Children.

2019 World Malaria Day

The Bank partnered with the Corporate Alliance on Malaria in Africa, which is a GBCHealth-led initiative, to drive partnerships for malaria control and elimination. The alliance serves as a platform for organisations in Africa to form new partnerships and provide visibility to malaria control efforts across the continent. The 2019 commemoration of World Malaria Day was held on 25 April 2019 and was co-hosted by GBCHealth and HACEY Health Initiative under the theme "Ready To Beat Malaria". Long-lasting insecticidal-treated nets ("**LLINs**") were distributed to members of Ikate Elegushi and Imota Communities in Lagos State. They were also provided with information, communication and education materials. This initiative had over 1,000 beneficiaries in 2019 and 1,000 insecticide treated nets were distributed in 2019.

ART X Lagos

ART X Lagos is an annual international art fair launched in 2016. The fair is designed to showcase the best contemporary art from the African continent and its diaspora and support emerging talents, while contributing to the fast-growing contemporary art sector in Nigeria. Four editions have been held in partnership with the Bank since its debut in 2016. The events have drawn the attention of local patrons and a host of international collectors, curators and critics. About 30,000 visitors participated at the event in 2019.

The ART X Prize was launched in 2016 and was renamed in 2019 as the Bank ART X Prize. The prize provides financial and mentoring support for compelling projects by emerging artists. This is an opportunity that puts the artists on the international stage. Etinosa Yvonne won the 2019 edition of the prize, claiming a cash prize of ₦1.5 million and a three-month residency at Gasworks, London, in 2020, and a solo presentation at ART X Lagos in 2020.

Access Bank Lagos City Marathon

The Bank continued its partnership with the Lagos State Government to host the 2019 and 2020 editions of the Access Bank Lagos City Marathon. This partnership promotes healthy living by maintaining physical fitness and doing exercise. The partnership also involves providing strategic support to the State Government in the area of sports. The marathon has drawn both local and international attention as the event has been approved by the Athletics Federation of Nigeria and endorsed by the International Association of Athletics. The marathon also drew athletes from across the globe with an average of 100,000 athletes participating in the annual event each year.

The 2020 edition of the marathon was themed "More Than A Race" and held on 8 February 2020. David Barmasai Tumo, Debeko Dakamo and Paul Waweru Chege came first, second and third, respectively, with finishing times of 2h:10m:23s, 2h:10m:55s and 2h:11m:23s, thereby breaking the records set in 2018 by Abraham Kiprotich. The female category saw Cherop Sharon Jemutai, Kebene Chala Urisa and Rodah Jepkorir Tanui taking the first, second and third positions, respectively, with Cherop finishing the race in 2h:31m:40s. The winners in both the male and female categories of the 42km race went home with U.S.$50,000, U.S.$40,000 and U.S.$30,000 for the first, second and third positions, respectively.

Access Bank - UNICEF Charity Shield Polo Tournament

The Access Bank–UNICEF Charity Shield Polo Tournament is held annually in partnership with Kaduna-based polo team, Fifth Chukker and UNICEF. The aim of the tournament is to raise funds for various community projects in northern Nigeria. Since inception, the tournament has raised funds that have been used to complete notable projects. Amongst these projects are well-equipped schools, literacy buildings and community boreholes. The initiative has kept over 8,000 students in continuous education. The Bank hosted the 2019 edition of the tournament in two phases at two different locations; Kaduna, Nigeria and the United Kingdom. The first phase, held at the Fifth Chukker Polo & Country Club of the Kangimi Resort in Kaduna, hosted 18 teams from 6-25 June 2019, while the second phase was held at Guards Polo Club, Windsor, United Kingdom on 13 July 2019.

The tournament attracted some of the Bank's premium banking clients and patrons who contributed in raising a total of U.S.$2 million. The amount raised is being directed toward building and equipping 120 new classrooms for children in northern Nigeria over the next three years. The Kaduna State Governor also committed to building another 70 classrooms in the coming year to match the effort of the Bank and UNICEF. The projects will contribute in educating 2,500 children over two years.

Summary of 2020 Grants

In 2020, the Bank offered grants to 18 non-governmental organisations covering over 567,055 direct beneficiaries across states in Nigeria and the following areas of social investment:

- *Health Investment Initiatives* - 135,375 beneficiaries reached with health initiatives and programmatic interventions
- *Entrepreneurship* - 3,446 aspiring entrepreneurs reached with entrepreneurial and vocational programs
- *Environment* - 14,208 beneficiaries reached with environmental initiatives designed with the aim of achieving social change in the environmental sector; and
- *Leadership* - 414,024 beneficiaries reached with leadership initiatives and programs

Property and Equipment

As at 30 June 2021, the Group leased a total amount of ₦41,081 million of its building and equipment pursuant to right-of-use assets. As at 31 December 2020, the Group leased a total amount of ₦37,376 million of its building and equipment pursuant to right-of-use assets. For the years ended 31 December 2019, the Group leased a total amount of ₦17,368 million of its building and equipment pursuant to right-of-use assets. Property and equipment (comprising leasehold improvement and buildings, land, computer hardware, furniture and fittings, motor vehicles and capital work in progress) of the Group was ₦337,320 million as at 30 June 2021, ₦309,845 million as at 31 December 2020, ₦293,820 million as at 31 December 2019 and ₦184,359 million as at 31 December 2018.

Legal Proceedings

As at 30 June 2021, the Group had a litigation claims provision of ₦2,170 million.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the Group's financial position or profitability.

ASSET, LIABILITY AND RISK MANAGEMENT

General

The principal risks inherent in the Group's business include funding and liquidity risk, market risk, interest rate risk, foreign exchange risk, credit risk, operational risk, compliance risk and reputational risk.

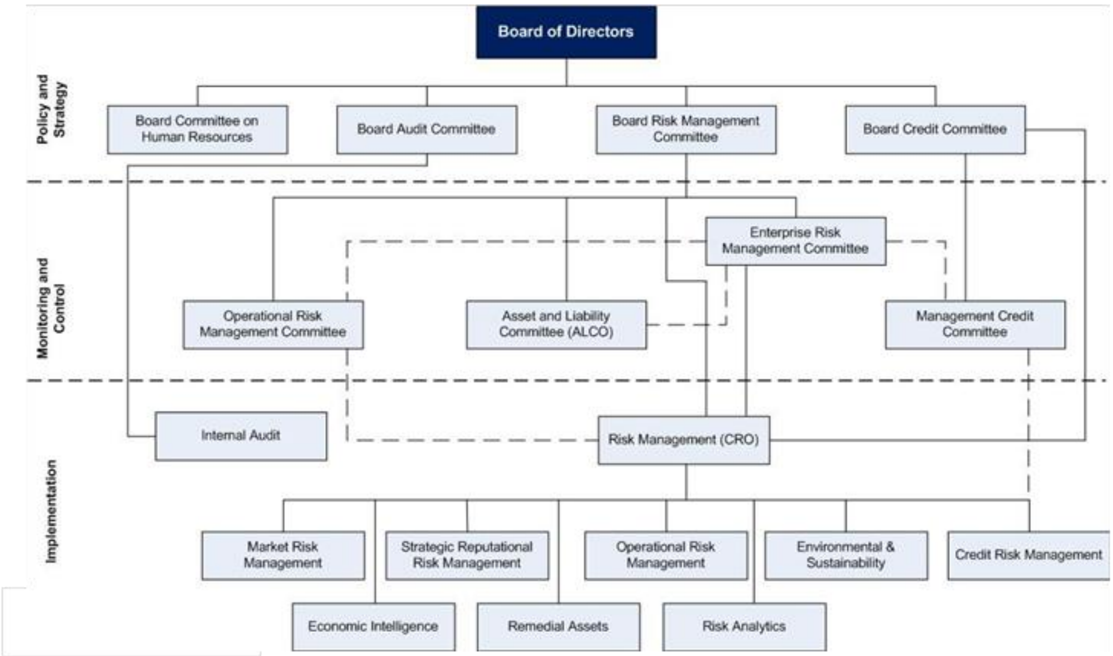
The Group's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities. The Group's overall risk tolerance is established in the context of the Group's earnings power, capital and diversified business model.

The Group also encourages a culture of risk awareness and recognition of personal responsibility throughout the Group. As part of building this culture of risk awareness, the Bank has created educational and training programmes for employees at all levels of the organisation to ensure that staff in all function areas are adequately empowered to manage risk, including initial risk awareness training for all new staff. At the branch level, awareness is enhanced through monthly training sessions, with more rigorous training conducted at the management level. Management believes that taking pre-emptive action to reshape its portfolio, tighten underwriting standards and increase the frequency of risk monitoring and stress testing will help mitigate the impact of cyclical downturns in its core markets.

The Group has a diversified portfolio across countries, products and customer segments; disciplined liquidity management; a well-established risk governance structure; and an experienced senior management team.

Risk Management

The Group's risk management governance structure is depicted below:



The Board determines the Group's overall objectives in terms of risk by issuing risk policies. These policies define acceptable levels of risk for day-to-day operations, as well as the willingness of the Group to assume risk, weighed against the expected rewards. The umbrella risk policy is detailed in the ERM Framework, which is a structured approach to identifying opportunities, assessing the risks inherent in these opportunities and actively managing these risks in a cost-effective manner. Specific policies are also in place for managing risks in the different core risk areas of credit, market and operational risks, as well as for other key risks such as liquidity, strategic and reputational risk. These risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The review is carried out in either or both of the following ways: through continuous self-evaluation and monitoring by the Group's risk management and compliance departments in conjunction with internal audits, and through independent evaluation by external auditors, examiners and consultants. In addition, stress-testing and scenario analyses are used to assess the Group's financial and management capabilities for operating effectively under extreme but plausible trading conditions.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework via its committees:

- the Board Audit Committee supports the Board in performing its oversight responsibility relating to the integrity of the Group's Financial Statements and the financial reporting process, as well as the independence and performance of the Group's Internal and External Auditors. It oversees the Group's system of internal control and the mechanism for receiving complaints regarding the Group's accounting and operating procedures.

- the Board Risk Management Committee, which provides advice and recommendations on matters relevant to risk management. The Board Risk Management Committee assists the Board in fulfilling its oversight responsibility relating to the establishment of policies, standards and guidelines for non-credit risk management and compliance with legal and regulatory requirements. In addition, it oversees the establishment of a formal written policy on the overall risk management system.

- the Board Committee on Human Resources, which advises the Board in relation to compensation, benefits and all other human resource matters affecting the directors and employees of the Bank; and

- the Board Credit and Finance Committee, which considers and approves loan applications above the limits set by the Board and approved by the Management Credit Committee ("**MCC**") and initiates credit policy changes when appropriate.

These committees meet on a regular basis and report regularly to the Board and also on an *ad hoc* basis, as circumstances may require. Most committees include a member of the Group's senior management.

The Board committees are assisted by various management committees in identifying and assessing risks arising from day-to-day activities of the Group. The management committees include the MCC, the Asset and Liability Committee ("**ALCO**"), the Enterprise Risk Management Committee ("**ERMC**") and the Operational Risk Management Committee.

The Chief Risk Officer ("**CRO**") has primary responsibility for risk management and review of the ERM Framework. He or she provides updates to the management teams based on quantitative and qualitative metrics. All amendments to the Group's ERM Framework require Board approval. The Risk Management Division, headed by the CRO, is responsible for the enforcement of the Group's risk policy. It achieves this by constantly monitoring risk to identify and quantify significant risk exposures and act upon such exposures as necessary.

The Risk Management division enforces risk policy throughout the Group by setting policies and defining limits for other units of the Group; performing group-wide risk monitoring and reporting; receiving relevant data from other units with respect to risk monitoring and reporting and identifying potential risks in the unit's line of business, and providing a framework to the units for managing such risks; collaborating with market-facing units to design new products; coordinating activities with internal audit to provide a holistic view of risks across the Group; making recommendations with respect to capital allocation, pricing and rewards or sanctions based on risk reports; and receiving relevant user reports from information technology support groups in respect of the various risk management software.

In 2020, the Board Risk Management Committee considered and recommended some policies to the Board for approval, considered stress test reports on the Bank's Balance Sheet, received risk reports from all the risk areas except credit and made relevant recommendations to the Board for approval. The Board Risk Management Committee reviewed the Bank's response to the COVID-19 pandemic and make appropriate recommendation to Management.

The Bank has a Head of Risk Management for each of the SBUs (Retail Banking, Corporate Banking, Business Banking and Commercial Banking), as well as for each of the subsidiaries. These risk officers report to the Group CRO, and this arrangement has the core advantage of providing a comprehensive view of all risks affecting credits approved in each SBU, thus providing superior, integrated management of risks. The Group's risk management philosophy is that a moderate, guarded risk attitude will ensure sustainable growth in shareholder value and reputation.

Liquidity Risk

Liquidity risk is the potential that the Bank may be unable to meet expected or unexpected current or future cash flows and collateral needs without affecting its daily operations or its financial condition. Sources of such liquidity risk include funding concentration, funding gaps, deterioration in the quality of the Group's credit portfolio, rapid assets growth funded by volatile deposits, a run on deposits and the inability of the Group to sell out of a position or dispose of an asset without incurring significant losses. The Group is managed with the aim of preserving a high degree of liquidity so that it can always meet the requirements of its customers, including during periods of financial stress. The Bank has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions about cash inflows and the liquidity of liabilities. In addition, liquidity stress tests assuming extreme withdrawal scenarios are performed. These stress tests specify additional liquidity requirements to be met by holdings of liquid assets. The Bank's liquidity has consistently been materially above the minimum liquidity ratio and the requirements of its stress tests. ALCO, in conjunction with the Board and its committees, monitors the liquidity position and reviews the impact of strategic decisions on the liquidity. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the Liquidity Risk Management Manual.

The Bank has a contingency funding plan which incorporates early warning indicators to monitor market conditions. The Bank monitors its liquidity position and funding strategies on an ongoing basis, but recognises that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. It reviews its contingency funding plan annually. Prepared in alignment with the CBN's requirement for a contingency funding plan, the internal adequacy assessment process and the banks recovery and resolution plan, the contingency funding plan covers: the available sources of contingent funding to supplement cash flow shortages; the lead times to obtain such funding; the roles and responsibilities of those involved in the contingency plans; and the communication and escalation requirements when early warning indicators signal deteriorating market conditions. Both short term and long-term funding crises are addressed in the contingency funding plan. The plan involves both qualitative and quantitative indicators and triggers. The quantitative indicators include liquidity ratios, net interest margins and earnings indicators. While the qualitative indicators include macro-economic and market-based indicators are also used to proactively signal negative trends. The Group conducts stress tests over mild, moderate and severe scenarios to determine the minimum amount that would be required in a stressed condition extending to a horizon of 90 days (beyond the 30 day-net stressed cash flow target prescribed by the Committee of European Banking Supervisors guidelines, Basel III liquidity requirements and the Board of Governors of the U.S. Federal Reserve System).

The Bank conducts liquidity stress tests periodically to identify gaps within its liquidity management structure. The Bank has also initiated a liquidity coverage ratio and net stable funding ratio computation as per Basel III recommendations. This requires the Bank to have sufficient high quality liquid assets to withstand a 30-day stressed funding scenario, as well as to have a structure in place to address liquidity mismatches.

The Group has historically maintained a liquidity ratio (46.0% as at 31 December 2020) well above the applicable minimum regulatory requirements of the CBN which is currently 30%. The Group has met and continues to meet the requirements of CBN's stress tests. Global funding and liquidity risk management entities are centralised in the Group's Treasury division (a subgroup within the Financial Markets business) which analyses and monitors the Group's liquidity risk. The Group aims to continuously maintain excess liquidity and to access diverse funding sources, including its deposit base. Overall oversight at management level is provided by ALCO, while the Board Risk Management Committee provides governance at Board level.

The Board approves the Group's liquidity policy and contingency funding plan, including establishing liquidity risk tolerance levels. ALCO, in conjunction with the Board and its committees, monitors the Group's liquidity position and reviews the impact of strategic decisions on the Group's liquidity. The Treasury division is responsible for the day-to-day funding and liquidity management of the Group and reports to ALCO and the Board committees that provide oversight, as it implements their strategic decisions. Liquidity positions are measured by calculating the Group's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual.

The key measure used by the Group for managing liquidity risk is the ratio of liquid assets to deposits from customers. For this purpose, liquid assets are considered as including cash and cash equivalents and Government Bonds for which there is an active and liquid market, less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the CBN.

The following table shows the Group's ratio of liquid assets to deposits from customers (calculated on the basis of IFRS) for the periods indicated.

	2020	**2019**	**2018**
At end of period	51.69%	51.47%	46.47%
Average for the period...	48.49%	52.82%	44.21%
Maximum for the period...	50.92%	62.94%	56.22%
Minimum for the period	39.65%	44.66%	33.57%

The following tables summarise the Group's assets and liabilities by maturity as at the dates indicated and contain certain information regarding the liquidity risk facing the Group:

	As at 30 June 2021						
	Carrying amount	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
	In thousands of Naira						
Group							
Cash and balances with banks	1,364,570,882	1,364,886,266	1,364,886,266	-	-	-	-
Investment under management	31,611,718	31,611,718	2,185,897	5,229,113	16,466,664	7,730,043	-
Non-pledged trading assets							
Treasury bills	61,602,125	63,471,747	12,896,687	26,092,197	24,482,863	-	-
Bonds...	76,372,433	105,423,804	24,891,795	-	-	24,730,665	55,801,344
Derivative financial instruments....	187,122,508	187,122,508	6,063,045	60,318,569	118,696,627	2,044,267	-
Loans and advances to banks.........	408,021,137	409,295,915	51,553,676	52,040,785	305,701,454	-	-
Loans and advances to customers							
Auto Loan....................................	21,137,539	22,400,090	2,762,965	4,661,051	4,096,450	10,879,625	-
Credit Card	23,591,254	24,776,558	10,825,209	-	2,581,340	11,370,011	-
Finance Lease	3,051,123	5,068,852	1,456,140	952,965	1,320,891	1,338,855	-
Mortgage Loan.............................	163,574,089	164,974,173	16,452,340	24,226,562	8,470,037	34,005,409	81,819,823
Overdraft......................................	308,268,882	290,334,108	197,345,364	52,161,546	40,827,198	-	-
Personal Loan	84,220,159	47,945,441	8,662,755	11,249,330	13,560,192	11,180,072	3,293,092
Term Loan	2,490,846,798	3,066,875,958	101,937,541	144,222,244	307,955,928	1,816,089,183	696,671,063
Time Loan....................................	488,257,482	250,701,612	171,238,507	29,606,304	24,997,319	24,844,842	14,640
Pledged assets							
-Financial instruments at FVOCI							
Treasury bills	11,714,103	11,750,000	-	11,750,000	-	-	-
Bonds...	-	-	-	-	-	-	-
-Financial instruments at amortised cost							
Treasury bills	163,046,971	164,058,561	16,792,000	132,611,061	14,655,500	-	-
Bonds...	37,787,758	62,999,645	-	-	3,576,131	1,954,807	57,468,707
Promissory note	43,847,608	56,841,743	-	-	-	56,841,743	-
-Financial instruments at FVPL							
Treasury bills	-	-	-	-	-	-	-
Bonds...	422,169	742,212	-	-	-	742,212	-
Investment securities							
-Financial assets at FVOCI							
Treasury bills	288,062,819	288,527,607	66,038,250	156,127,568	66,361,789	-	-
Bonds...	221,303,331	264,159,799	-	-	-	105,417,630	158,742,169
Promissory note	7,509,391	8,591,524	1,754,980	3,395,055	3,392,262	49,227	-
-Financial assets at amortised cost							
Treasury bills	981,106,252	992,149,472	167,972,623	334,553,585	489,623,260	-	-
Total return notes	-	-	-	-	-	-	-
Bonds...	367,764,885	629,310,232	5,904,195	-	34,226,922	106,536,797	482,642,319
Promissory note	9,810,495	9,810,495	427,536	-	-	10,645,060	-
Restricted deposit and other assets.	1,630,239,003	1,630,239,003	235,068,849	50,762,292	29,637,969	-	1,314,769,895
	9,474,862,914	**10,155,331,143**	**2,467,116,622**	**1,099,960,229**	**1,510,630,796**	**2,226,400,448**	**2,851,223,050**
Deposits from financial institutions	1,758,573,492	3,025,852,487	1,433,819,219	648,226,088	943,807,180	-	-
Deposits from customers	5,974,755,925	5,975,462,067	4,911,231,570	984,883,043	67,626,239	11,721,214	-
Derivative financial instruments....	10,099,966	10,099,968	5,717,298	2,024,104	314,299	2,044,267	-
Other liabilities.............................	486,011,734	492,536,086	284,706,094	112,770,722	90,704,765	4,354,507	-
Debt securities issued	177,860,278	202,061,192	-	127,186,535	-	21,318,904	53,555,753
Interest bearing borrowings	842,541,570	1,069,222,044	23,749,972	547,963	901,669	317,558,905	726,463,535
	9,249,842,965	**10,775,233,844**	**6,659,224,152**	**1,875,638,458**	**1,103,354,152**	**356,997,798**	**780,019,289**
Gap (asset - liabilities)..................	225,019,949	(619,902,701)	(4,192,107,530)	(775,678,230)	407,276,644	1,869,402,650	2,071,203,763
Cumulative liquidity gap			(4,192,107,530)	(4,967,785,760)	(4,560,509,115)	(2,691,106,465)	(619,902,702)
Off-balance sheet							
Transaction related bonds and guarantees................................	465,918,522	465,918,522	27,427,305	35,725,254	84,457,935	186,450,684	131,857,343
Clean line facilities for letters of credit and other commitments...	354,929,785	354,929,785	106,707,052	127,662,871	91,676,062	28,883,803	-
	820,848,307	**820,848,307**	**134,134,358**	**163,388,125**	**176,133,997**	**215,334,486**	**131,857,343**

	As at 31 December 2020						
	Carrying amount	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
			In thousands of Naira				
Cash and cash equivalents	723,872,820	723,872,820	723,872,820	-	-	-	-
Investment Under Management	30,451,466	30,451,466	272,737	6,113,728	17,398,543	6,666,458	-
Non-pledged trading assets							
Treasury Bills	116,036,126	116,472,852	18,126,442	30,461,550	67,884,860	-	-
Bonds	91,915,817	104,856,685	-	-	27,182,627	26,998,430	50,675,628
Derivative financial Instruments	251,112,745	251,112,743	90,981,380	19,469,885	111,088,832	29,572,647	-
Loans and advances to banks	392,821,307	393,473,191	120,649,810	71,385,947	201,437,435	-	-
Loans and advances to customers							
Auto Loan	14,064,843	15,096,966	2,032,653	2,981,333	2,854,919	7,228,063	-
Credit Card	23,665,522	23,674,013	10,825,209	-	1,478,793	11,370,011	-
Finance Lease	4,054,704	4,819,748	1,431,230	865,778	1,218,758	1,303,981	-
Mortgage Loan	127,039,667	129,118,595	12,866,782	18,848,225	6,677,258	26,834,294	63,892,034
Overdraft	300,717,703	293,832,335	197,345,364	52,161,546	44,325,425	-	-
Personal Loan	29,343,128	36,189,272	6,899,330	7,134,671	9,092,848	9,769,332	3,293,092
Term Loan	2,336,404,437	3,043,171,143	99,567,059	141,140,618	302,740,868	1,804,236,776	695,485,822
Time Loan	382,817,024	247,404,594	169,589,998	28,847,990	24,107,124	24,844,842	14,640
Pledged assets							
-Financial instruments at FVOCI							
Treasury Bills	999,521	1,000,000	1,000,000	-	-	-	-
Bonds	2,617,080	6,062,797	-	-	-	-	6,062,797
-Financial instruments at amortised cost							
Treasury Bills	98,097,771	98,321,500	75,379,500	22,942,000	-	-	-
Bonds	41,833,930	69,672,238	-	-	-	6,228,524	63,443,714
-Financial instruments at FVPL							
Treasury Bills	85,006,604	85,007,157	-	85,007,157	-	-	-
Bonds	-	-	-	-	-	-	-
Investment securities							
-Financial instruments at FVOCI							
Treasury Bills	748,230,225	753,786,668	84,621,602	67,372,727	601,792,339	-	-
Bonds	219,614,874	286,812,774	-	-	-	61,617,252	225,195,521
Promissory note	80,033,790	9 4,615,750	-	-	3,918,084	90,697,665	-
-Financial instruments at amortised cost							
Treasury Bills	237,109,445	237,554,832	81,289,468	156,265,362	-	-	-
Total return notes	45,527,717	45,782,540	45,782,539	-	-	-	-
Bonds	277,439,999	481,528,893	-	-	14,791,234	85,350,814	381,386,846
Promissory note	427,535	427,535	-	-	427,536	-	-
Restricted deposit and other assets	1,522,315,072	1,522,315,072	114,651,029	78,265,416	20,669,518	-	1,308,729,111
	8,183,570,872	**9,096,434,179**	**1,857,184,953**	**789,263,935**	**1,459,087,002**	**2,192,719,089**	**2,798,179,206**
Non-derivative liabilities							
Deposits from financial institutions	958,397,171	1,121,577,122	543,577,670	285,461,925	152,486,962	-	140,050,565
Deposits from customers	5,587,418,213	5,588,356,718	4,616,606,840	954,258,162	16,890,478	601,238	-
Derivative financial instruments	20,880,529	20,880,531	15,308,822	2,089,088	1,094,687	2,387,933	-
Other liabilities	356,638,122	3 56,663,942	246,427,862	59,947,034	50,289,047	-	-
Debt securities issued	169,160,059	203, 758,802	-	130,327,432	-	22,471,849	55,861,644
Interest-bearing borrowings	791,455,237	1,083, 739,867	30,072,422	-	22,780,398	271,669,117	765,274,718
	7,883,949,331	**8,374,976,983**	**5,451,993,615**	**1,432,083,643**	**243,541,572**	**297,130,139**	**961,186,927**
Gap (asset—liabilities)	299,621,541	721, 457,196	(3,594,808,662)	(642,819,709)	1,215,545,430	1,895,588,950	1,836,992,281
Cumulative liquidity gap			(3,594,808,662)	(4,237,628,370)	(3,022,082,940)	(1,126,493,990)	710,498,290
Off-balance sheet							
Transaction related bonds and guarantees	378,808,847	378,808,911	42,043,481	33,078,734	68,139,169	158,142,511	77,405,016
Clean line facilities for letter of credit and other commitments	445,538,945	445,538,945	233,371,171	64,244,283	114,970,014	32,953,476	-
	824,347,792	**824,347,856**	**275,414,653**	**97,323,017**	**183,109,183**	**191,095,986**	**77,405,016**

	As at 31 December 2019						
	Carrying amount	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
			In thousands of Naira				
Cash and cash equivalents	723,064,003	688,914,193	688,914,193	-	-	-	-
Investment Under Management	28,291,959	28,291,959	767,313	9,012,114	14,020,236	4,492,296	-
Non-pledged trading assets					-	-	-
Treasury Bills	89,797,961	94,861,781	-	-	43,342,828	-	-
Bonds	40,021,277	42,952,256	31,063,592	20,455,361	-	12,606,930	17,727,537
Derivative financial Instruments	143,520,553	143,520,552	1 2,617,789	-	82,098,847	-	-
Loans and advances to banks	152,825,081	154,450,204	49,561,122	11,860,583	151,566,067	-	-
Loans and advances to customers							
Auto Loan	17,779,508	1 7,856,398	2,884,137	3,511,085	2,800,066	10,125,688	-
Credit Card	19,110,990	19,339,743	1,419,559	4,057,264	4,874,714	5,115,681	-
Finance Lease	4,944,175	5,146,881	5,292,084	1,003,556	1,594,991	2,108,400	-
Mortgage Loan	141,882,570	142,875,275	439,934	21,223,787	7,422,974	28,751,374	70,846,147
Overdraft	252,985,681	299,728,849	14,630,993	31,384,466	47,153,292	-	-
Personal Loan	52,272,928	52,940,647	221,191,091	8,196,350	9,510,897	11,401,910	3,892,366
Term Loan	2,045,972,373	2,185,260,598	19,939,124	162,727,687	262,350,776	796,327,128	645,659,060
Time Loan	376,631,483	379,822,056	318,195,947	187,158,574	54,731,097	-	-
Pledged assets							
-Financial instruments at FVOCI							
Treasury Bills	30,388,532	32,424,722	5,500,000	8,124,722	18,800,000	-	-
Bonds	-	-	-	-	-	-	-
-Financial instruments at amortised cost							
Treasury Bills	452,686,283	453,872,748	129,026,743	242,100,648	82,745,357	-	-
Bonds	82,599,583	123,975,255	-	-	-	5,618,298	118,356,957
-Financial instruments at FVPL							
Treasury Bills	39,881,494	41,886,245	-	31,221,245	10,665,000	-	-
Bonds	-	-	-	-	-	-	-
Investment securities							
-Financial instruments at FVOCI							

	As at 31 December 2019						
	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
			In thousands of Naira				
Treasury Bills	232,813,374	233,605,789	203,904,571	10,907,341	18,793,877	-	-
Bonds	81,977,676	103,693,091	-	-	65,466,231	38,226,860	-
Promissory note	807,619	1,055,468	-	20	-	1,055,448	-
-Financial instruments at amortised cost							
Treasury Bills	379,283,381	380,408,695	175,122,124	52,224,901	1 53,061,670	-	-
Bonds	266,278,996	416,671,728	19,737,979	3,862,541	6,117,451	42,467,781	344,485,976
Promissory note	10,844,041	10,844,041	10,357,841	58,664	-	427,536	-
Restricted deposit and other assets	1,016,582,841	1,016,582,841	141,177,839	26,558,428	-	-	848,846,574
	6,683,244,362	**7,070,982,010**	**2,189,676,361**	**835,649,337**	**1,037,116,372**	**958,725,329**	**2,049,814,617**
Non-derivative liabilities							
Deposits from financial institutions	1,186,356,314	1,211,552,503	906,219,476	227,258,349	78,074,678	-	-
Deposits from customers	4,255,837,303	4,977,071,222	4,444,035,379	281,016,620	155,768,045	96,251,178	-
Derivative financial instruments	6,885,680	6,885,681	4,030,595	2,370,236	484,849	-	-
Other liabilities	315,626,032	272,530,808	140,126,903	-	95,816,466	36,587,439	-
Debt securities issued	157,987,877	208,325,732	-	-	-	208,325,732	-
Interest-bearing borrowings	586,602,830	768,264,849	71,437	767,986	5,088,240	214,402,709	547,934,477
	6,509,296,036	**7,444,630,795**	**5,494,483,790**	**511,413,194**	**335,232,278**	**555,567,059**	**547,934,477**
Gap (asset—liabilities)	173,948,327	(373,648,786)	(3,304,807,429)	604,128,855	701,884,094	123,265,559	1,501,880,142
Cumulative liquidity gap			(3,304,807,429)	(2,700,678,574)	(1,998,794,480)	(1,875,528,921)	(373,648,779)
Off-balance sheet							
Transaction related bonds and guarantees	477,932,817	477,932,817	86,095,559	49,298,749	234,207,639	85,238,843	77,135,874
Clean line facilities for letter of credit and other commitments	419,584,999	419,584,999	118,727,744	67,565,811	133,275,180	13,258,822	-
	897,517,816	**897,517,816**	**204,823,304**	**116,864,560**	**367,482,818**	**98,497,664**	**77,135,874**

	As at 31 December 2018						
	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
			In thousands of Naira				
Cash and cash equivalents	740,926,362	791,239,520	741,603,025	-	-	-	49,636,495
Investment Under Management	23,839,394	23,839,395	7,378,561	16,460,834	-	-	-
Non-pledged trading assets					37,218,138	-	-
Treasury Bills	38,465,116	41,472,112	2,431,630	1,822,344	20,822	155,427	649,640
Bonds	292,684	1,207,007	381,118	-	63,267,939	50,011,235	-
Derivative financial Instruments	128,440,342	128,440,343	5,093,050	10,068,119	45,930,047	-	-
Loans and advances to banks	142,489,543	142,569,748	28,184,320	68,455,381			
Loans and advances to customers							
Auto Loan	15,641,867	15,917,853	2,206,865	3,038,489	2,225,667	8,446,832	-
Credit Card	5,431,274	6,003,432	4,433,123	31,470	1,538,839	-	-
Finance Lease	1,150,691	1,301,445	110,503	229,914	334,882	626,146	-
Mortgage Loan	115,558,862	116,838,671	11,443,548	17,155,888	7,780,506	25,481,130	54,977,599
Overdraft	132,813,921	146,653,587	91,182,207	5,884,672	49,586,708	-	-
Personal Loan	34,736,000	37,186,909	8,357,106	7,035,104	8,630,004	12,728,053	436,642
Term Loan	1,356,254,958	1,364,910,910	100,794,774	100,045,006	156,056,497	705,615,013	302,399,620
Time Loan	332,018,660	392,958,222	154,243,166	53,131,435	185,583,621	-	-
Pledged assets							
-Financial instruments at FVOCI							
Treasury Bills	170,118,776	182,579,034	83,151,528	1,200,000	98,227,506	-	-
Bonds	10,000,146	16,003,573	-	2,957,605	1,426,636	-	11,619,332
-Financial instruments at amortised cost							
Treasury Bills	192,208,928	193,494,586	64,044,586	-	129,450,000	-	-
Bonds	162,033,050	361,840,023	-	1,031,605	15,473,218	24,543,228	320,791,972
-Financial instruments at FVPL							
Treasury Bills	18,361,112	38,329,066	4,910,000	-	33,419,066	-	-
Bonds	1,330,944	3,111,587	-	-	-	-	3,111,587
Investment securities							
-Financial instruments at FVOCI							
Treasury Bills	195,218,225	195,883,468	123,599,529	13,389,359	58,894,580	-	-
Bonds	44,791,006	50,085,434	-	26,066	491,623	7,177,669	42,390,076
Promissory note							
-Financial instruments at amortised cost							
Treasury Bills	102,564,048	116,539,685	21,226,653	24,229,142	71,083,890	-	-
Bonds	49,096,996	83,286,887	985,686	582,103	22,227,568	16,529,983	42,961,547
Restricted deposit and other assets	683,991,854	690,885,751	103,450,307	1,924,347	55,691,763	215,918	529,603,416
	4,697,774,759	**5,142,578,248**	**1,559,211,285**	**328,698,883**	**1,044,559,520**	**851,530,634**	**1,358,577,926**
Non-derivative liabilities							
Deposits from financial institutions	994,572,845	1,031,713,050	693,439,062	151,046,478	187,227,509	-	-
Deposits from customers	2,564,908,384	2,686,564,048	1,954,204,133	526,129,705	121,539,349	84,690,861	-
Derivative financial instruments	5,206,001	5,206,003	4,572,615	572,504	60,884	-	-
Other liabilities	168,516,337	163,220,981	9,602,707	50,203,458	102,636,303	778,513	-
Debt securities issued	251,251,383	318,154,189	-	-	-	318,154,189	-
Interest-bearing borrowings	388,416,734	391,318,138	89,058	102,655	3,087,029	24,356,955	363,682,441
	4,372,871,684	**4,596,176,409**	**2,661,907,575**	**728,054,800**	**414,551,074**	**427,980,518**	**363,682,441**
Gap (asset—liabilities)	324,903,075	546,401,839	(1,102,696,289)	(399,355,917)	630,008,445	423,550,116	994,895,487
Cumulative liquidity gap			(1,102,696,289)	(1,502,052,206)	(872,043,761)	(448,493,645)	546,401,842
Off-balance sheet							
Transaction related bonds and guarantees	452,083,539	452,083,539	100,609,847	44,854,892	38,995,149	238,232,808	29,390,843
Clean line facilities for letter of credit and other commitments	307,761,666	307,761,666	183,182,413	80,663,203	40,548,330	3,367,720	-
	759,845,205	**759,845,205**	**283,792,260**	**125,518,095**	**79,543,479**	**241,600,528**	**29,390,843**

The following are some of the methods employed by the Group to mitigate liquidity risk:

Quantifications

The Group has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Group adopts the following approaches:

(a) funding and liquidity plan;

(b) liquidity gap analysis; and

(c) ratio analysis.

The funding and liquidity plan defines the Group's sources and channels of utilisation of funds. The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between the Group's assets and liabilities. The liquidity gap analysis quantifies the daily and cumulative gap in a "business as usual" environment. The gap for any given tenor bucket represents the borrowings from, or placements to, the market required to replace maturing liabilities or assets. The Group monitors the cumulative gap as a plus or minus 20% of (a) total assets and (b) total deposit liabilities.

Limit management and monitoring

Management believes that active management of liquidity through the framework of limits and control presented above is possible only with proper monitoring capabilities. The monitoring process focuses on funding portfolios, the forward balance sheet and general indicators where relevant information and data are compared against limits that have been established. The Group's Treasury division is responsible for maintaining sufficient liquidity by maintaining a sufficiently high ratio of liquid assets and available funding for near-term liabilities. The secured liquidity measure (namely, the active management of liquidity through the framework of limits and control and proper monitoring capabilities) is calculated and monitored by the Risk Management Division. Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Group. Liquidity risk is reported to the Board on a quarterly basis.

Contingency funding plan

The Group has a contingency funding plan, which incorporates early warning indicators to monitor market conditions. The Group monitors its liquidity position and funding strategies on an ongoing basis, but recognises that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. It reviews its contingency funding plan annually.

The contingency funding plan covers: the available sources of contingent funding to supplement cash flow shortages; the lead times to obtain such funding; the roles and responsibilities of those involved in the contingency plans; and the communication and escalation requirements when early warning indicators signal deteriorating market conditions. Both short term and long-term funding crises are addressed in the contingency funding plan.

Market Risks

The Group's ability to meet its business objectives could be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads. Market risk mainly arises from trading activities and equity investments. The Group is also exposed to market risk through interest rate risk from non-traded assets (such as loans) held in its banking book.

Market risk policy, management and control

Over the years, the Nigerian financial market has witnessed a dramatic expansion in the array of financial services and products. This tremendous growth in scale and scope has also generated new risks with global consequences, especially market risk, necessitating an assessment of exposures to the volatility of the underlying risk drivers. This has prompted the upgrading of the market risk policy; asset and liability management policy; liquidity policy; stress testing policy, and so on, to ensure the risks faced across business activities and on an aggregate basis are within the stipulated risk appetite of the Bank. These policies have been benchmarked with industry and international best practices as well as CBN regulations.

The Group runs an integrated and straight through processing treasury system for enabling efficient, monitoring and management of interest rate and foreign exchange risks in the Bank.

Liquidity, Exchange Rate, and Interest Rate risks are managed through various approaches across including liquidity gap analysis, dynamic cash flow analysis, liquidity ratios, value at risk ("**VaR**"), earnings at risk ("**EaR**") and Sensitivity Analysis. The primary aim of these processes is risk forecasting and impact mitigation through management action and portfolio rebalancing.

The Group mitigates foreign exchange trading risk by ensuring that trading activities are always conducted within the regulatory net open position limit of +0.5%/-10% of shareholders'. The Group mitigates its foreign currency balance sheet risk by maintaining an internal net open position limit of 9% of shareholders' funds (less than the regulatory limit of 10%) and through other measures such as internal limits across currencies, stop loss limits, position limits, scenario analysis and stress testing. Derivatives risk is managed through limits to manage forwards, swaps and future transactions and positions. The Group manages fixed income securities trading risk through limits, sensitivity analysis and stress testing, as well as portfolio limits, dealer limits and stop loss limits. Interest rate risk is managed through economic value of equity, rate shift scenarios and sensitivity analysis. See "—Interest rate risk" below. The Group mitigates liquidity risk through owning high quality liquid assets comprising cash and cash equivalents, placements with banks and government securities as liquidity buffers for both local and foreign currency portfolios. The Group maintains agreed lines of credit with other banks and holds unencumbered assets for use as collateral. Finally, liquidity stress testing is conducted in line with leading industry practices using the Group internal adequacy assessment process, consisting of Group-specific and market-wide liquidity stress tests, estimates of the Group's liquidity buffer and survival period for each currency position. The Group estimates the size of its liquidity buffer for the long and short ends of its stress test programme and found in its most recent local currency portfolio stress tests that the Bank has a sufficient liquidity buffer in amount and time to meet net negative cash flows.

The Group regularly conducts stress testing to monitor its vulnerability to unfavourable shocks. It monitors and controls its risk, using various internal and regulatory risk limits for trading book and banking book which are set according to several criteria including economic scenario, business strategy, management experience, peer analysis and the Bank's risk appetite.

Interest rate risk

Interest rate risk is the exposure of the Bank's financial condition to adverse movements in interest rates, yield curves and credit spreads. The Bank is exposed to interest rate risk through the interest-bearing assets and liabilities in its trading and banking books.

The Group's objective for management of interest rate risk in the banking book is to manage interest rate mismatch and lower interest rate risk over an interest rate cycle. This is achieved by hedging material exposures with the external market. The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rated assets and liabilities, the Bank is exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the savings rate and 90-day NIBOR and different types of interest. Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the Groups balance sheet, mainly due to re-pricing timing differences between assets, liabilities and equities. These risks impact both the earnings and the economic value of the Group. Overall, non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Group's non-trading activities.

The Group employs the use of scenario, repricing gap, economic value of equity and sensitivity analysis in evaluating its exposures per time. Scenario analysis is the process of predicting the possible balance sheet impact to changes that may occur to existing variables. Repricing gap analysis is used to (i) achieve a balance between reducing risk to earnings from adverse movements in interest rates and enhancing net interest income through correct anticipation of the direction and extent of interest rate changes and (ii) determine the effect of changes in interest rates on interest income. Economic value of equity analysis tests the present value of expected cash flows on assets minus the present value of expected cash flows on liabilities, plus or minus the present value of the expected cash flows on off balance sheet instruments using different interest rate shocks as prescribed by the Basel standards. Sensitivity analysis is the study of how the outcome of a decision changes due to variations in input. The measurement and control techniques used to measure and control traded market risk (interest rate and foreign exchange risk) include daily valuation of positions, limit monitoring, gap analysis, sensitivity analysis, VaR, stress testing, etc. The Group also uses risk limits to restrict the size of investments that traders can take for proprietary and non-proprietary purposes. Limiting the size of investments is one of the primary ways the Bank controls risk and capital consumption.

The following limits currently exist:

1. Fixed income and FX NOPL:

   The Bank, in keeping with the prudence concept, sets its policy limit for Open Position at a level lower than the maximum NOPL approved by the regulatory authority. In setting the internal NOPL, the following considerations are imperative:

   - The Regulatory NOPL;
   - The Bank's tolerance and appetite for FX risk;
   - The size and depth of the FX market in Nigeria;
   - The degree of volatility of traded currencies; and
   - The Bank's desired positioning in the relevant FX market with requirements for international business support.

2. Inter-bank placement and takings Limit:

   In line with the Bank's drive to be a top liquidity provider in the financial market, stringent controls have been set to ensure that any takings from interbank are preceded by proper authorisation, to reduce the risks that come with huge interbank borrowing.

3. Management Action Trigger ("**MAT**"):

   This establishes decision points to confirm the Board of Directors' tolerance for accepting trading risk losses on a cumulative basis. Therefore, MAT considers actual cumulative profit/loss as well as potential losses and the loss tolerance is defined as a percentage of Gross Earnings.

4. Stop Loss Limit:

   This limit sets a maximum tolerable unrealised profit/loss to date which will trigger the closing or reduction of a position to avoid any further loss based on existing exposures.

5. Dealer Limit:

   This limit sets a maximum transaction limit by a dealer. It is based on experience and knowledge of the dealer.

6. VaR Limit:

   The VaR limit is based on 99% confidence level over a 1 day holding period on the trading book. In line with the Bank's risk appetite, treasury losses are not expected to exceed 1% of total portfolio.

7. Duration Limit:

   The Bank utilizes duration to measure the sensitivity of the price of assets in its portfolio to changes in interest rate. The Bank has duration limits for the varying asset classes in its investment/trading portfolio.

8. Repricing gap Limit

The cumulative gap for each tenor bucket must not be in excess of greater than or less than 20% of the Group's total deposit liabilities.

9. Economic value of equity Limit

The recommended limit for the Group's economic value of equity is 15% of its Tier 1 capital under the Basel II guidelines.

The Group also adopts a consistent stress testing methodology applied to trading and non-trading books. The stress testing methodology assumes that the scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. Market Risk complements the VaR measurement by regular stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible. Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist senior management in capital planning decisions.

The following tables show a summary of the Group's interest rate gap position on non-derivative assets and non-derivative liabilities for the dates indicated.

	As at 30 June 2021						
	Re-pricing year						
	Less than 3 months	**4- 6 months**	**7-12 months**	**1-5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
	In thousands of Naira						
Group							
Non-derivative assets							
Cash and balances with banks	159,334,312	-	-	-	-	1,205,236,570	1,364,570,882
Investment under management	23,881,676	-	-	-	7,730,042	-	31,611,718
Non pledged trading assets	11,746,770	27,828,807	24,518,200	48,761,181	25,119,601	0	137,974,558
Loans and advances to banks..................	51,368,297	51,823,365	304,829,475	-	-	-	408,021,137
Loans and advances to customers	683,704,988	180,793,746	279,460,721	1,096,903,116	1,342,084,751	0	3,582,947,324
Investment securities	184,964,343	520,258,291	508,593,003	438,780,810	470,396,376	0	2,122,992,825
Restricted deposit and other assets..........	-	-	-	-	-	1,630,239,005	1,630,239,005
	1,115,000,386	**780,704,210**	**1,117,401,399**	**1,584,445,106**	**1,845,330,772**	**2,835,475,575**	**9,278,357,449**
Non-derivative liabilities							
Deposits from financial institutions	906,132,299	209,644,539	642,796,654	-	-	-	1,758,573,492
Deposits from customers	2,919,211,703	303,361,174	360,415,527	16,050,044	9,846	2,375,707,631	5,974,755,925
Other liabilities.......................................	-	-	-	-	-	486,011,729	486,011,729
Debt securities issued	-	125,560,797	-	15,438,798	36,860,683	-	177,860,278
Interest bearing borrowings....................	-	1,103,309	23,052,661	149,843,756	668,541,843	-	842,541,569
	3,825,344,002	**639,669,818**	**1,026,264,842**	**181,332,598**	**705,412,372**	**2,861,719,360**	**9,239,742,993**
Total interest re-pricing gap	**(2,710,343,616)**	**141,034,391**	**91,136,557**	**1,403,112,508**	**1,139,918,400**	**(26,243,785)**	**38,614,456**

	As at 31 December 2020						
	Less than 3 months	**4- 6 months**	**7-12 months**	**1-5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
	₦' million						
Non-derivative assets							
Cash and cash equivalents	89,783	-	-	-	-	634,090	723,872.8
Investment Under Management	23,785	-	-	-	6,666	-	30,451.5
Non-pledged trading assets	15,425	6,503	95,804	13,624	76,596	-	207952
Pledged assets..	101,875	73,956	8,273	2,419	42,032	-	228,555
Loans and advances to banks	120,523	71,295	201,003	-	-	-	392,821
Loans and advances to customers	566,381	180,077	245,992	939,980	1,285,697	-	3,218,107
Investment securities	129,442	54,568	855,834	158,249	410,290	-	1,608,384
Other Assets.....................................	-	-	-	-	-	1,522,315	1,522,315
	1,047,215	**386,398**	**1,406,907**	**1,114,272**	**1,821,228**	**2,156,405**	**7,932,458**
Non-derivative liabilities							
Deposits from banks	584,821	242,404	131,172	-	-	-	958,397
Deposits from customers	3,036,563	214,091	33,272	1,516	3	2,301,974	5,587,418
Other liabilities..	-	-	-	-	-	356,638	356,638
Debt securities issued	-	122,195	-	15,423	31,541	-	169,160
Interest-bearing loans & borrowings.........	5,952	23,126	168,782	164,893	428,702	-	791,455
	3,627,335	601,816	333,226	181,833	460,246	2,658,612	7,863,069
Total interest re-pricing	**(2,580,121)**	**(215,418)**	**1,073,681**	**932,439**	**1,361,036**	**(502,208)**	**69,389**

	As at 31 December 2019						
	Less than 3 months	4- 6 months	7-12 months	1-5 years	More than 5 years	Non-Interest bearing	Total
				₦' million			
Non-derivative assets							
Cash and cash equivalents	48,838	-	-	-	-	674,317	723,155
Investment Under Management	23,800	-	-	-	4,492	-	28,292
Non-pledged trading assets	6,443	18,240	15,661	89	89,386	-	129,819
Pledged assets	361,155	58,032	107,965	16,962	61,442	-	605,556
Loans and advances to banks	1,574	-	151,251	-	-	-	152,825
Loans and advances to customers	599,261	134,860	280,985	943,861	952,613	-	2,911,580
Investment securities	406,992	50,603	180,968	78,548	254,894	-	972,005
Other Assets	-	-	-	-	-	1,016,583	1,016,583
	1,448,063	**261,735**	**736,830**	**1,039,461**	**1,362,827**	**1,690,900**	**6,539,815**
Non-derivative liabilities							
Deposits from banks	726,033	333,020	127,302	-	-	-	1,186,356
Deposits from customers	3,958,730	185,329	110,056	1,720	2	-	4,255,837
Other liabilities	-	-	-	-	-	315,626	315,626
Debt securities issued	15	158	1,046	44,090	112,679	-	157,988
Interest-bearing loans & borrowings	54	581	3,850	162,222	419,896	-	586,602.8
	4,684,832	**519,089**	**242,254**	**208,032**	**532,577**	**315,626**	**6,502,410.4**
Total interest re-pricing	**(3,236,769)**	**(257,354)**	**494,576**	**831,429**	**830,249**	**1,375,274**	**37,405**

	As at 31 December 2018						
	Less than 3 months	4- 6 months	7-12 months	1-5 years	More than 5 years	Non-Interest bearing	Total
				₦' million			
Non-derivative assets							
Cash and cash equivalents	220,310	-	-	-	-	520,617	740,926
Investment Under Management	20,709	-	-	-	3,129	-	23,839.4
Non-pledged trading assets	9,494	2,510	26,462	161	131	-	38,758
Pledged assets	185,257	19,487	217,791	28,871	102,646	-	554,053
Loans and advances to banks	28,108	68,454	45,928	-	-	-	142,490
Loans and advances to customers	328,775	79,035	261,198	704,826	722,418	-	1,993,606.234
Investment securities	145,222	22,392	153,296	10,290	60,470	-	391,670
Other Assets	-	-	-	-	-	683,992	683,992
	937,874	**191,878**	**704,675**	**744,168**	**888,795**	**1,204,608**	**4,569,334.4**
Non-derivative liabilities							
Deposits from banks	829,406	165,167	-	-	-	-	994,572.8
Deposits from customers	2,271,460	180,083	109,007	4,358	-	-	2,564,908
Other liabilities	-	-	-	-	-	168,516	168,516
Debt securities issued	-	-	-	251,251	-	-	251,251
Interest-bearing loans & borrowings	75,892	104,512	57,400	41526	109,086	-	388,417
	3,176,758	**449,762**	**166,407**	**297,136**	**109,086**	**168,516**	**4,367,666**
Total interest re-pricing	**(2,238,884)**	**(257,884)**	**538,268**	**447,013**	**779,709**	**1,036,092**	**201,668.7**

Foreign exchange risk

Foreign exchange risk is the exposure of the Group's financial condition to adverse movements in exchange rates. The Group is exposed to foreign exchange risk primarily through its proprietary currency trading activities (largely U.S. dollar/Naira currency pairings), as well as through acting as an intermediary in foreign exchange transactions between the CBN and commercial banks. The Group is also exposed to foreign exchange risk through granting foreign currency-denominated loans to its customers. See "*Risk Factors—Risks related to the Group—The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies*".

Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. This net open position is measured on a daily basis and is to be kept within set limits. The assets and liabilities include current positions, forward positions, commitments, and the market value of derivatives in a foreign currency.

The CBN periodically advises banks on a regulatory NOPL, which is currently 10.0% of shareholders' funds unimpaired by losses for its balance sheet. The Group has an internal foreign currency balance sheet NOPL of 9.0% The Group also has a foreign exchange trading NOPL of +0.5%/-10% of shareholder funds. The aggregate foreign currency borrowing of banks is also required by the CBN not to exceed 75.0% of its shareholders' funds unimpaired by losses. However, the Group has always sought to maintain a more prudent approach, and the internal NOPL is set at no higher than 80% of the regulatory advised limits.

The Group's foreign exchange risk is monitored at unit, country and group levels, since an effective overview of such risk is a critical element of the Group's asset/liability risk management. The Board defines the overall risk tolerance levels and expectations for foreign exchange risk management and management aims to ensure that the risk tolerance is maintained at prudent levels.

	As at 30 June 2021					
	Total	**Naira**	**US**	**GBP**	**Euro**	**Others**
			In thousands of Naira			
Group						
Cash and balances with banks	1,364,570,881	351,011,691	641,492,921	229,746,321	79,814,684	62,505,264
Investment under management	31,611,718	28,766,051	2,845,667	-	-	-
Non-pledged trading assets						
Treasury bills	61,602,125	42,527,338	-	-	-	19,074,787
Bonds	76,372,433	2,716,354	30,111	-	-	73,625,968
Equity	-	-	-	-	-	-
Derivative financial instruments	187,122,508	182,269,354	119,370	9,030	-	4,724,754
Loans and advances to banks	408,021,136	21,377,186	386,643,950	-	-	-
Loans and advances to customers						
Auto Loan	21,137,539	4,015,298	3,526,459	-	-	13,595,782
Credit Card	23,591,254	18,044,050	3,500,551	234	-	2,046,419
Finance Lease	3,051,123	2,379,224	138,383	-	-	533,516
Mortgage Loan	163,574,089	3,879,389	32,890,366	34,231,554	-	92,572,780
Overdraft	308,268,882	277,716,093	18,413,945	1,327,901	156	10,810,787
Personal Loan	84,220,156	56,657,972	5,740,360	-	-	21,821,824
Term Loan	2,490,846,798	2,074,015,461	230,299,868	152,404,562	33,291	34,093,616
Time Loan	488,257,482	116,170,891	351,841,771	4,552,869	9,227,236	6,464,715
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	11,714,103	11,714,103	-	-	-	-
Bonds	-	-	-	-	-	-
Promissory notes	-	-	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	163,046,971	163,046,971	-	-	-	-
Bonds	41,833,930	41,833,930	-	-	-	-
Promissory notes	43,847,608	43,847,608	-	-	-	-
-Financial assets at FVPL						
Treasury bills	-	-	-	-	-	-
Bonds	422,169	422,169	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	288,062,818	133,494,452	-	-	-	154,568,366
Bonds	221,303,332	29,103,018	21,775,904	-	-	170,424,410
Promissory notes	7,509,391	7,509,391	-	-	-	-
-Financial assets at FVPL						
Equity	165,349,327	33,795,084	131,282,314	271,929	-	-
-Financial assets at amortised cost						
Treasury bills	981,106,253	900,927,564	60,049,949	-	-	20,128,740
Total return notes	-	-	-	-	-	-
Bonds	367,764,887	318,374,211	6,248,658	-	-	43,142,018
Promissory notes	9,810,494	9,810,494	-	-	-	-
Restricted deposit and other assets	1,630,239,005	1,472,221,911	84,635,803	5,221,761	154,172	68,005,358
	9,644,258,412	**6,347,647,258**	**1,981,476,350**	**427,766,161**	**89,229,539**	**798,139,104**
Deposits from financial institutions	1,758,573,491	346,055,049	1,391,675,146	7,084,384	8,783,189	4,975,723
Deposits from customers	5,974,755,925	3,920,766,884	1,183,183,849	264,131,029	30,277,908	576,396,255
Derivative financial instruments	10,099,966	9,765,338	202,406	29,829	102,314	79
Other liabilities	486,011,729	334,369,175	92,754,931	5,214,809	5,804,802	47,868,012
Debt securities issued	177,860,278	46,994,301	125,560,797	-	-	5,305,180
Interest bearing borrowings	842,541,570	483,447,899	356,386,969	-	2,274,959	431,743
	9,249,842,959	**5,141,398,646**	**3,149,764,098**	**276,460,051**	**47,243,172**	**634,976,992**
Off balance sheet exposures:						
Transaction related bonds and guarantees	465,918,522	290,473,857	89,447,800	15,850	63,622,573	22,358,442
Clean line facilities for letters of credit and other commitments	354,929,788	40,000	304,750,357	6,998,819	42,385,453	755,159
Future, swap and forward contracts						
	820,848,310	**290,513,857**	**394,198,158**	**7,014,669**	**106,008,026**	**23,113,601**

Financial instruments by currency

	As at 31 December 2020					
	Total	**Naira**	**US**	**GBP**	**Euro**	**Others**
			In thousands of Naira			
Group						
Cash and balances with banks	723,872,820	183,524,466	318,479,238	74,495,360	92,618,620	54,755,134
Investment under management	30,451,466	27,667,779	2,783,687	-	-	-
Non-pledged trading assets						
Treasury bills	116,036,126	97,719,848	-	-	-	18,316,278
Bonds	91,915,817	12,488,649	74,615	-	-	79,352,552
Equity	-	-	-	-	-	-
Derivative financial instruments	251,112,744	244,564,046	-	4,732,073	8,129	1,808,496
Loans and advances to banks	392,821,308	843,088	391,978,220	-	-	-
Loans and advances to customers						
Auto Loan	14,064,843	4,243,504	2,022,781	-	-	7,798,557
Credit Card	23,665,522	19,036,608	3,456,928	257	-	1,171,729
Finance Lease	4,054,704	3,605,077	92,604	-	-	357,023
Mortgage Loan	127,039,667	3,031,432	25,540,461	33,683,980	-	64,783,793
Overdraft	300,717,702	260,286,030	26,739,240	639	2	13,691,793
Personal Loan	29,343,127	13,480,722	3,367,547	-	-	12,494,857
Term Loan	2,336,404,437	1,858,808,474	303,086,333	165,991,449	42,493	8,475,687
Time Loan	382,817,024	113,032,794	249,821,168	6,520,373	9,557,270	3,885,418
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	999,521	999,521	-	-	-	-
Bonds	2,617,080	2,617,080	-	-	-	-

	As at 31 December 2020					
	Total	**Naira**	**US**	**GBP**	**Euro**	**Others**
			In thousands of Naira			
-Financial assets at amortised cost						
Treasury bills	98,097,771	98,097,771	-	-	-	-
Bonds	41,833,930	41,833,930	-	-	-	-
-Financial assets at FVPL						
Treasury bills	85,006,604	85,006,604	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	748,230,225	608,866,687	134,875,103	-	-	4,488,434
Bonds	219,614,874	91,783,529	22,032,870	-	-	105,798,475
Promissory notes	80,033,790	80,033,790	-	-	-	-
-Financial assets at FVPL						
Equity	141,765,576	22,751,701	118,983,352	30,523	-	-
-Financial assets at amortised cost						
Treasury bills	237,109,445	194,302,056	-	-	-	42,807,389
Total return notes	45,527,717	-	45,527,717	-	-	-
Bonds	277,439,999	250,772,348	6,891,743	-	-	19,775,908
Promissory notes	427,536	427,536	-	-	-	-
Restricted deposit and other assets	1,522,315,074	1,380,851,224	91,807,963	783,023	1,430,290	47,442,574
	8,325,336,447	**5,700,676,294**	**1,747,561,570**	**286,237,677**	**103,656,804**	**487,204,097**
Deposits from financial institutions	958,397,171	12,284,842	930,447,908	4,514,659	6,976,833	4,172,929
Deposits from customers	5,587,418,213	3,915,294,407	1,069,396,893	235,709,852	29,251,452	337,765,609
Derivative financial instruments	20,880,529	20,775,722	85,133	-	19,549	125
Other liabilities	356,638,121	273,817,262	55,914,256	6,627,680	2,395,628	17,883,295
Debt securities issued	169,160,059	46,964,818	122,195,241	-	-	-
Interest bearing borrowings	791,455,237	419,322,836	361,202,412	-	2,112,886	8,817,103
	7,883,949,330	**4,688,459,887**	**2,539,241,843**	**246,852,191**	**40,756,348**	**368,639,061**
Off balance sheet exposures						
Transaction related bonds and guarantees	378,808,847	209,738,623	74,052,168	33,019	59,643,055	35,341,982
Clean line facilities for letters of credit and other commitments	445,538,945	0	412,339,777	9,295,470	23,782,623	121,075
	824,347,792	**209,738,623**	**486,391,945**	**9,328,489**	**83,425,678**	**35,463,057**

Credit Risk

Credit risks may arise from the failure of an obligor of the Group to repay principal and/or interest at the stipulated time or failure otherwise to perform as agreed. This risk is compounded if any assigned collateral only partly covers the claims against the relevant obligor, or if its valuation is exposed to frequent change, such as due to changing market conditions (namely, market risk).

Everyone is involved in Risk Management with the ultimate responsibility residing with the Board. The Group operates 3 lines of defence model which enhances the understanding of risk management and control by clarifying roles and duties. The risk management process of the Bank is well fortified to mitigate the threats imposed by impact of COVID-19 or any other risk event on the Bank's business. In 2020, the management of the Group took a proactive approach to protect its loan book from the impact of COVID-19 on the Bank's books by analysing the extent of the pandemic on different sectors and sub sectors of the economy. This enabled the bank to understand customers' challenges and potential outlook and steps were resultantly taken to lessen the burden of loan repayment on borrowers and preserve the risk assets quality, working within regulatory guidance. The Risk Management Division has continued to take advantage of advancement and innovation in the technology space to automate the management of risk. Credit and analytics tools were deployed recently to enhance the credit decision making and monitoring process in the Bank.

The following are some of the principal credit policies of the Bank:

- *Credit Risk Management Policy*: The core objective is to enable maximisation of returns on a risk adjusted basis from banking book credit risk exposures that are brought under the ambit of Credit Risk Management Policy. This is done by putting in place robust credit risk management systems consisting of risk identification, risk measurement, setting of exposure and risk limits, risk monitoring and control as well as reporting of credit risk in the banking book.

- *Credit Risk Rating Policy*: The objective of this policy is to ensure reliable and consistent Obligor Risk Ratings ("**ORRs**") and Facility Risk Ratings ("**FRRs**") and to provide guidelines for risk rating for retail and non-retail exposures in the banking book covering credit and investment books of the Bank.

Business Units and Independent Credit Risk Management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities. Business Relationship Managers are responsible for deriving the ORR and FRR using approved methodologies. However, independent credit risk management validates such ratings. Notwithstanding who derives the risk rating, Credit Risk Management is responsible for reviewing and ensuring the correctness of the ORR and FRR assigned to borrowers and facilities. This review includes ensuring the ongoing consistency of the business' Risk Rating Process with the Bank's Risk Rating Policy; ongoing appropriate application of the risk rating process and tools; review of judgmental and qualitative inputs into the risk rating process; ensuring the timeliness and thoroughness of risk rating reviews; and ensuring that the documentation of the risk rating process is complete and current. Credit Risk Management has the final authority if there is a question about a specific rating.

The Credit Process

The Bank's credit process starts with portfolio planning and target market identification. Within identified target markets, credits are initiated by relationship managers. The proposed credits are subjected to review and approvals by applicable credit approval authorities. Further to appropriate approvals, loans are disbursed to beneficiaries. Ongoing management of loans is undertaken by both relationship management teams and the Credit Risk Management Group. The process is applied across the Bank and in the subsidiaries.

If a preliminary analysis of a loan request by the account manager indicates that it merits further scrutiny, it is then analysed in greater detail by the account manager, with further detailed review by Credit Risk Management. The concurrence of Credit Risk Management must be obtained for any credit extension. If the loan application passes the detailed analysis, it is submitted to the appropriate approval authority based on the size and risk rating of facilities. The standard credit evaluation process is based both on quantitative figures from the Financial Statements and on an array of qualitative factors. Information on the borrower is collected as well as pertinent macroeconomic data, such as an outlook for the relevant sector. These factors are assessed by the analyst and all individuals involved in the credit approval process, relying not only on quantitative factors but also on extensive knowledge of the company in question and its management.

The Bank operates a 12-grade numeric risk rating scale which runs from 1 to 8. Rating 1 represents the best obligors and facilities, while rating 8 represents the worst obligors and facilities. The risk rating scale incorporates sub-grades and full grades reflective of realistic credit migration patterns. The Bank also has ongoing partnerships with renowned international firms like Dun and Bradstreet, KPMG and Moody's Analytics for training in Credit Risk Analysis and Financial Risk Management for the first and second lines of defence. These are outside regular training conducted within the Group to enhance staff capacity in handling transactions in the dynamic business environment and ever-evolving banking industry. In line with the CBN's competency framework, members of the Group have consistently upgraded their competency level by passing necessary certification examinations like Certified Risk Manager (Risk Management Association of Nigeria), Associate of the Chartered Institute of Bankers ("**ACIB**"), Chartered Institute of Bankers of Nigeria, Institute of Chartered Accountants of Nigeria, Associate of Chartered Certified Accountants, Chartered Financial Analyst and other relevant professional certifications. To reshape the understanding of risk, the Bank developed a Credit Officer Risk Rating model which assigns rating to credit officers based on the quality and performance of risk asset portfolio managed by the individual officer. This puts the Bank in a more disciplined position in the credit appraisal and approval processes.

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure or transferring it to counterparty, at facility level, by a safety net of tangible and realisable securities including approved third-party guarantees/ insurance. However, the primary consideration for approving credits is hinged largely on the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigants as incorporated in the guidance note of Basel Committee on Banking Supervision ("**BCBS**") on "Principles for the Management of Credit Risk" are to be taken into consideration while using a credit risk mitigant to control credit risk. The Bank utilizes transaction structure, collateral and guarantees to help mitigate risks (both identified and inherent) in individual credits but transactions should be entered into primarily on the strength of the borrower's repayment capacity. Collateral cannot be a substitute for a comprehensive assessment of the borrower or the counterparty, nor can it compensate for insufficient information.

It is recognised that any credit enforcement actions (for example, foreclosure proceedings) can eliminate the profit margin on the transaction. In addition, the Group is mindful that the value of collateral may well be impaired by the same factors that have led to the diminished recoverability of the credit.

The range of collaterals acceptable to the Bank include:

- mortgage on landed property (Legal Mortgage/Mortgage Debenture);
- debenture/charge on assets (Fixed and/or Floating);
- cash/money market investment (Letter of lien and Set-Off over fixed deposits/money market investments);
- treasury bills and other government securities;
- chattel/vessel mortgage; and
- legal ownership of financed assets.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events. The definition of the Bank's operational risk excludes regulatory risks, strategic risks and potential losses related solely to judgments about taking credit, market, interest rate, liquidity, or insurance risks. It also includes the reputation and franchise risks associated with business practices or market conduct in which the Bank is involved. Operational risk is inherent in the Bank's global business activities and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management.

This framework includes:

- recognised ownership of the risk by the businesses;
- oversight by independent risk management; and
- independent review by Internal Audit.

The Bank seeks to minimise exposure to operational risk, subject to cost trade-offs. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring. The operational risk strategy seeks to minimise the impact that operational risk can have on shareholders' value. The Bank's strategy is to reduce the likelihood of occurrence of expected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation to earnings; minimise the impact of unexpected and catastrophic events and related costs through risk financing strategies that would support the Bank's long-term growth, cash flow management and balance sheet protection; eliminate inefficiencies, improve productivity, optimise capital requirements and improve overall performance through the institution of well designed and implemented internal controls.

An allocation methodology is applied for allocating capital to business units. For each business unit, the allocation takes into consideration not only the size of the business unit, but also measures the business unit's control environment, namely; open audit findings, risk and control self-assessment results, and loss experience. This translates to a risk-sensitive allocation with the opportunity afforded to business units to identify actions to positively impact on their respective allocated operational risk capital.

Insurance policies are used to mitigate operational risks. These policies are current and remain applicable at the Bank and Group level. Insurance coverage is purchased at Group or cluster level to discharge statutory and regulatory duties, or to meet counterparty commitments and stakeholder expectations. The primary insurance policies managed by the Group are:

- comprehensive crime and electronic crime;
- directors' and officers' liability; and
- professional indemnity.

In order to create and promote a culture that emphasizes effective operational management and adherence to operating controls, there are three distinct levels of operational risk governance structure in the Bank:

- Level 1 refers to the oversight function carried out by the Board of Directors, Board Risk Management Committee and the Executive Management. Responsibilities at this level include ensuring effective management of operational risk and adherence to the approved operational risk policies.

- Level 2 refers to the management function carried out by the Operational Risk Management Group. It has direct responsibility for formulating and implementing the Bank's operational risk management framework including methodologies, policies and procedures approved by the Board.

- Level 3 refers to the operational function carried out by all business units and support functions in the Bank. These units/functions are fully responsible and accountable for the management of operational risk in their units. They work in liaison with Operational Risk Management Group to define and review controls to mitigate identified risks. Internal Audit Group provides independent assessment and evaluation of the Bank's operational risk management framework. This periodic confirmation of the existence and utilisation of controls in compliance with approved policies and procedures, provides assurance as to the effectiveness of the Bank's operational risk management framework. Some of the tools being used to assess, measure and monitor operational risks in the Bank include; a loss database of operational risk events; an effective risk and control self-assessment process that helps to analyse business activities and identify operational risks that could affect the achievement of business objectives; and key risk indicators which are used to monitor operational risks on an ongoing basis.

Compliance Risk

Compliance risk is the risk of damage to the Bank's integrity as a result of failure (or perceived failure) to comply with relevant laws, regulations, internal policies and procedures or ethical standards.

The Group's compliance function organizes and sets priorities for the management of its compliance risk in a way that is consistent with risk management strategy and structures. The compliance function performed a maturity assessment in 2020 by benchmarking against ISO 1600 guidelines. This was facilitated by PricewaterhouseCoopers. The integrated compliance function working closely with internal audit and risk management to achieve risk convergence provided backbone for integrated assurance and higher visibility of risk management and control consciousness across the Group.

The compliance function has continued to redefine and fine-tune its approach and continued to improve on its advisory role with intense focus on regulatory intelligence gathering, compliance monitoring, compliance testing and closer cooperation with business units within the Bank. The Group on the other hand acts as a contact point for compliance inquiries from staff members and recently introduced the Business Unit Compliance Officers to strengthen and deepen the cooperation with the first line of defence and the implantation of Quality Assurance in all applicable Groups within the Bank. The Group in 2020 further enhanced the monitoring to online real time to catch up with the current digital banking environment.

In the Bank, compliance risk is continually:

- measured by reference to identified metrics, incident assessments (whether affecting the Bank or the wider industry), regulatory feedback, Compliance Testing and the judgment of external assessors as it relates to AML/CFT and other compliance vulnerabilities;

- monitored against compliance risk assessments and metrics, the results of the continuous monitoring and reporting activities of the compliance function and the results of internal and external audits and regulatory inspections; and

- managed by establishing and communicating appropriate policies and procedures, training employees on them, and monitoring activities to assure their observance.

The Group continues to recognize its accountability to all its stakeholders under the legal and regulatory requirements applicable to its business. The Conduct and Compliance function, including all staff of the Bank and its subsidiaries are committed to high standards of integrity and fair dealing in the conduct of business. The Bank's compliance risk management philosophy is deepened by the effective convergence of risk management through the 'Three Lines of Defence' model.

Effective Compliance Risk Management in the Group will continuously be coordinated in the following manner: where a business unit is subject to regulatory requirements, it will comply with those requirements. The business unit will further establish and maintain systems of internal control to monitor and report the extent of compliance with those requirements with the support of the Conduct and Compliance function. In the absence of regulatory requirements for all or part of a business unit, certain minimum standards of conduct are established and maintained by that business unit to the extent required as determined by the management of that business unit and in line with global best compliance practice.

Reputational Risk

Reputational risk arises when the Group's reputation is damaged by one or more reputational events from negative publicity about the organisation's business practices, conduct or financial condition. The Group's Reputational Risk Management is mandated to protect from potential threats to its reputation. The Bank continuously uses proactive means in minimising the effects of reputational events, thereby averting the likelihood of major reputational crises with the view of ultimately ensuring the survival of the organisation. The Bank has put in place a framework to properly articulate, analyse and manage reputational risk factors.

The Bank takes the management of reputational risks seriously because of its far-reaching implications, which are buttressed by the fact that the Bank operates under:

- A highly regulated financial services industry with high visibility and vulnerability to regulatory actions that may adversely impact its reputation. (for example, corporate governance crises);
- Keen competition and largely homogeneous products and services have led customers not to perceive significant differences between financial service providers; and
- Given the financing nature of products and services they provide, banks are not only exposed to their own reputation, but also to the reputation of their clients.

With banks operating and competing in a global environment, risks emerging from a host of different sources and locations are difficult to keep up with and to know how best to respond if they occur. The effects of the occurrence of a reputational risk event include but are not limited to the following:

- loss of current or future customers;
- loss of public confidence;
- loss of employees leading to an increase in hiring costs, or staff downtime;
- reduction in current or future business partners;
- increased costs of capitalisation via credit or equity markets;
- regulatory sanctions;
- increased costs due to government regulations, fines, or other penalties; and
- loss of banking licence.

It is Group policy that, at all times, the protection of the Group's reputation should take priority over all other activities, including revenue generation. Reputational risk could arise from the failure to effectively mitigate any or a combination of country, credit, liquidity, market, regulatory and operational risk. It may also arise from the failure to comply with social, environmental, governance and ethical standards. All employees are responsible for day-to-day identification and management of reputational risk.

Environmental and Sustainability Risk

The Bank has long recognised the requirement to transition to a more structured and conscientious approach to environmental and social concerns, and the increasing role that they play in the future direction of the institution. Fundamental changes to the way decisions are made across the Bank coupled with Executive Management support to underpin this development has been crucial. Appreciating and recognising the requirements of regulatory and investment partners has been critical in decision making.

The Group understands the need to achieve the goals of the Paris Agreement on CO2 emissions reductions coupled with its wider environmental ambitions and appreciate that environmental issues represent a risk. Recognising such, the Group has refined its strategy further to accommodate climate change challenges. This has been achieved with a robust governance framework of policies and procedures and the incorporation of environmental concerns into its automated credit review process. The Bank also has a dedicated team of professionals focused solely on delivering both environmental and social risk management. The continuous evolution of the Group's Environmental Social and Governance ("**ESG**") systems has ensured that the Group progresses towards attaining a more sophisticated risk management structure.

The issuance of the first climate certified corporate green bond in Sub Saharan Africa last year, which has also been listed as a non-traded instrument on the Luxembourg Stock Exchange in the first quarter of 2020 is an evidence of the Bank's continuous push in the direction of sustainability. The Bank has also attracted increased international and domestic investment partnerships with Development Financial Institutions for ESG targeted lending. The Group's subsidiaries have also benefited from these partnerships. With the increasing awareness around financed fossil fuel emissions and impact of climate change potential within the Group's portfolio, the Group has made progress towards better understanding these potential exposures, their implications and any mitigating measures which can be incorporated by the Bank.

Recognising these challenges has also led the Bank to become core participating member of internationally recognised climate groups. such as:

1. UNEP FI's Taskforce on Climate related Financial Disclosures ("**TCFD**") which is globally adopted by Banks, and Insurance companies, is aimed at identifying and managing the impact of climate risks in financial institution portfolio. The Bank became a member of the Working Group in 2019.

2. Partnership for Carbon Accounting Financials ("**PCAF**") is a global partnership aimed at harmonising the approach in accessing and disclosing greenhouse gas ("**GHG**") emissions associated with loans and investment. The Bank became a member of the Steering Group in June 2020.

Basel II and Basel III Implementation

The Group has applied the Basel II framework as part of its capital management strategy since 2008.

The Group started implementing the Basel II framework as part of its capital management strategy in 2008, and the Group's risk management system has been completely in line with Basel II principles since January 2014. Substantial enhancements were made to the risk management framework based on the guidelines of the Basel II Capital Accord, including:

- design of a risk capital model to evaluate risks;
- a defined risk appetite that is aligned with business strategy optimisation;
- risk decisions based on accurate, transparent and rigorous analytics;
- stress tests to measure the potential impact to the Group of very large changes in various types of key risk factors (for example, interest rates, liquidity, non-performing loans), as well as the potential impact of a number of historical and hypothetical forward-looking systemic stress scenarios;
- accountability through common framework to manage risks;
- empowering risk managers to make decision and escalate issues; and
- expertise, authority and independence of risk managers.

The Basel Committee has issued its latest guidance on Basel III. The reforms under Basel III include increasing the minimum common equity (or equivalent) requirement and applying stricter regulatory adjustments. In addition, banks will be required to maintain, in the form of common equity (or equivalent), a capital conservation buffer in addition to stricter liquidity measurements such as the liquidity coverage ratio and net stable funding ratio, both of which as a minimum must not be lower than 100% Furthermore, buffers may also be implemented if there is excess credit growth in any given country.

On 10 December 2013, the CBN issued a circular to all banks and discount houses regarding the implementation of Basel II/III in Nigeria. The circular contains guidance notes on the Regulatory Capital Measurement and Management Framework for the Implementation of Basel II/III for the Nigerian banking sector (the "**Basel II/III Framework**") published by the CBN. The guidance notes specify approaches for quantifying the risk weighted assets for credit risk, market risk and operational risk for the purpose of determining regulatory capital. Under the Basel II/III Framework, the minimum capital requirement is retained at 10% and 15% for local and international banks, respectively. In December 2013, the CBN directed banks to commence a parallel run of both Basel I and II minimum capital adequacy computations based on the requirement of the guidelines with effect from January 2014. It also stated that minimum capital adequacy computation under Basel II rules would commence in June 2014. However, in July 2014, the CBN extended the parallel run for an additional period of three months, stating that the full adoption would commence on 1 October 2014, explaining that some banks had faced initial challenges in the parallel run, particularly with regards to the requirements of reporting the capital charges for credit, market and operational risks. On 2 September 2021, the CBN released guidelines on the implementation of Basel III amongst deposit money banks in Nigeria stating that the implementation of the guidelines will commence with a parallel run effective from November 2021 for an initial six (6) months, which may be extended by another three (3) months subject to the milestones achieved in the supervisory expectations.

The Group is fully compliant with the Basel II requirements. As specified by the released guidelines, the standardised approach has been adopted for market and credit risk whilst the operational risk capital requirements are calculated using the basic indicator approach. The Board has approved the policy on ICAAP, and the Bank's ICAAP document is reviewed at least bi-annually, as well as submitted to the regulator annually. With the recent communication on the implementation of Basel III from the regulator, the Group has put in place a detailed plan for the full implementation of the Basel III framework and is working on recalibrating its internal limits. The Group expects its existing Tier 1 and Total CAR guidance to be adequate to cover the provisions of Basel III due to the significant buffers, until the internal CAR limits are revalidated. In addition, the Group has begun computing the liquidity coverage ratio and net stable funding ratio. The Bank has completed the documentation of its Internal Liquidity Adequacy Assessment Process, which is undergoing validation by the Group's external consultants, KPMG. The Group has also drawn up a road map for migrating to a more advanced capital computation method which factors in the actual loss experience of the Bank. The Group voluntarily computes its leverage ratio, LCR and NSFR in line with the Basel III framework, despite not being required to do so by the CBN.

Through an embedded risk governance structure, a continuous focus on credit, the management of the Group's liquidity position and the monitoring of the Group's risk-weighted assets demand and capital supply, the Group aims to ensure its compliance with minimum regulatory and Board-approved capital targets.

The Group also monitors, on a continuous basis, risk trends in its business and trade areas where the environment is or may be changing and/or its growth rates are increasing to ensure that the Group remains within its set risk appetite. For each of the risk trends, the executive committee and Board are informed by the Chief Risk Officer of potential changes in the environment relating to the specific risk trend, the Group's positioning, exposure and actions being taken or planned.

An awareness of Basel II and Basel III (as applicable) is also vital in the Group's approach to enterprise, operational and capital risk management.

SHARE CAPITAL AND SHARE OWNERSHIP

As at 30 June 2021, the Bank's issued and fully paid share capital was ₦17,772,613,000, comprised of 35,545,225,622 ordinary shares with a nominal value of 50 kobo each. The Bank's authorised share capital as of 30 June 2021 was ₦40,000,000,000 comprised of 38,000, 000,000 ordinary shares with a nominal value of 50 kobo each and 2,000,000,000 preference shares with a nominal value of 50 kobo each.

As at 30 June 2021, the Bank had 920,978 shareholders with only one shareholder owning more than a 5.0% shareholding.

The following table lists the Bank's shareholders of record, as indicated on its share register, as at 30 June 2021 that held 5.0% or more of its outstanding ordinary shares. All holders of the Bank's ordinary shares have the same voting rights. The Bank is not aware of any arrangements that may result in a change of control.

Shareholders	**Shareholding**	**%**
Stanbic Nominees Nigeria Limited[1]..	4,091,310,660	11.51

(1) Stanbic Nominees held the shares as custodian for various investors. Stanbic Nominees does not exercise any right over the underlying shares. All the rights reside with the various investors on behalf of whom Stanbic Nominees carries out the custodian service.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the Group's results of operations and financial condition. Historical results may not indicate future performance. Some of the information in this section, including information in respect of the Group's plans and strategies for its business and expected sources of financing, contains forward-looking statements that involve risk and uncertainties and is based on assumptions about the Group's future business. Actual results could differ materially from those contained in such forward-looking statements as a result of a variety of factors, including the risks discussed in "Risk Factors" included elsewhere in this Base Prospectus. Potential investors should read "Forward-Looking Statements" for a discussion of the risks and uncertainties related to those statements and should also read "Risk Factors" for a discussion of certain factors that may affect the business, results of operations or financial condition of the Group.

The following discussion should be read in conjunction with the section entitled "Selected Statistical and other Information" and the Financial Statements, including accompanying notes, appearing elsewhere in this Base Prospectus. The financial information set out below and referred to in this section has been extracted without material adjustment from the Financial Statements or has been extracted without material adjustment from the Group's accounting records, which formed the underlying basis of the financial information included in the Financial Statements.

References to "H1 2021" and "H1 2020" in this section are to the six-month periods ended on 30 June of 2021 and 2020, respectively. The Bank's interim financial results may not be indicative of its full-year financial results.

Overview

The Bank is a full service commercial bank operating through a network of 729 branches and service outlets, spanning three continents, 12 countries and 42 million customers as at 30 June 2021. The Bank employs over 28,000 people in its operations in Nigeria, sub-Saharan Africa and the United Kingdom, with representative offices in China, Lebanon, India and the UAE. The Group provides a wide range of banking and other financial services to over 42 million customers from 729 branches and service centres with total assets of ₦10.05 trillion, all as at 30 June 2021. The Group's strategy focuses on the pursuit of building sustainable practices, innovation, superior service delivery and employee empowerment.

As at 30 June 2021, the Group had over 900,000 shareholders comprising Nigerian and international institutional investors, and has had a strong growth trajectory in the past twelve years. The Group's debt instruments are listed on the London Stock Exchange, The NGX, the Luxembourg Stock Exchange and the Irish Stock Exchange, and, as at the date of this Base Prospectus, the Bank had a credit rating of B- from S&P, B from Fitch and B2 from Moody's.

The following table lists each SBU and their relevant shares of the Group's total net revenue, outstanding customer loans and deposits, all as at 30 June 2021 and 31 December 2020:

	As at 30 June 2021				
	% of the Group's Revenue	**Loans**	**% of the Group's Outstanding Loans**	**Deposits**	**% of the Group's Deposits**
	(₦ millions, except percentages)				
Corporate and Investment Banking	37.26%	1,789,445	44.8%	1,844,845	30.88%
Commercial Banking	30.88%	1,833,058	45.93%	1,281,219	21.44%
Business Banking	5.5%	156,098	3.91%	480,698	8.0%
Retail Banking	26.32%	212,367	5.3%	2,367,994	39.63%
Unallocated Segments[1]	0%	0	0%	0	0%
Total	**100%**	**3,990,968**	**100%**	**5,974,756**	**100%**

	% of the Group's Revenue	Loans	% of the Group's Outstanding Loans	Deposits	% of the Group's Deposits
	31 December 2020				
	(₦ millions, except percentages)				
Corporate and Investment Banking	37.9%	1,399,423	38.8%	1,859,947	33.3%
Commercial Banking	29.3%	1,968,269	54.5%	1,292,934	23.1%
Business Banking	7.6%	139,724	3.9%	509,183	9.1%
Retail Banking	25.1%	103,512	2.9%	1,925,354	34.5%
Unallocated Segments[1]	0%	0	0%	0	0%
Total	**100%**	**3,610,928**	**100%**	**5,587,418**	**100%**

(1) Other includes other activities not allocated to specific SBUs.

Significant factors affecting results of operations

The Group's performance and results of operations have been and continue to be affected by a number of external factors and by various factors specific to the Bank. The following are the material factors that Management believes have affected the Group's results of operations in the past and that the Bank expects will continue to affect its results in the future.

Nigeria's economic condition, political stability and oil production and supply

As at 30 June 2021 78.5% of the Group's revenues and 84.4% of its assets were based in Nigeria. As a result, the Group is substantially affected by Nigerian economic conditions. In addition, the Group is substantially affected by regulatory developments in the Nigerian banking sector, as well as political stability in Nigeria as it affects economic growth generally. For more information on the economic and political conditions of Nigeria and the risks related thereto, see "*Risk Factors*", "*Nigeria*" and "*The Nigerian Banking Sector*".

The following table sets forth certain Nigerian economic indicators as at and for the periods indicated.

	As at 31 December		
	2020	2019	2018
		(%)	
Nominal GDP at market exchange rates	432.3	448.2	397.2
Real GDP growth (%)	(1.9)	2.3	1.9
GDP per capita (*U.S.$ at purchasing power parity ("**PPP**") market exchange rates*)	5,353	6,050	5,970
Inflation (*all items, year on year change, as at December in each year*) (%)	15.75	11.3	12.0
Population (*millions*)	206.1	201.0	195.9
Total external debt (*U.S.$ billions*)	33.3	29.8	27.3
Total external debt *(% of real GDP*)	17.9	12.5	11.0

Sources: *IMF, CBN, NBS, DMO.*

The state of the Nigerian economy worsened generally over the past few years with GDP falling by 1.9% and 2.3% in 2018 and 2019, respectively. However, in 2020, GDP contracted by 1.9% largely as a result of the impact of the COVID-19 pandemic. In 2020, the oil sector accounted for 8.2% of GDP, as compared to 8.8%. In 2020. Inflation levels increased to 11.8%, compared to 11.6% in 2019. However, the generally high levels of inflation have reduced private consumption and domestic demand. In 2021, the oil sector contracted by 0.17% in the first quarter of 2021 due to the low production quota imposed by OPEC. Despite this, the contraction in the sector in the first quarter of 2021 was lower than the 17.78% year-on-year contraction in fourth quarter of 2020, and the 10.20% year-on-year contraction in the first quarter of 2020. The oil sector contributed 6.97% to total real GDP in the first quarter of 2021, up from 4.67% in the fourth quarter of 2020, but it was down from 7.86% in the first quarter of 2020.

In 2018, Nigeria's external reserves were affected by oil price appreciation and increased oil production on one hand and on the other hand from capital flow reversals owing to increased yields in other developed and emerging economies. In the first half of 2018, external reserves rose by U.S.$9.0 billion, reaching a five year high at U.S.$48.0 billion in July 2018, largely supported by stable crude oil production, the issuance of the U.S.$2.5 billion sovereign Eurobond and the global increase in crude oil price. Falling oil prices and a drop in oil production allocation by OPEC led to a month-on-month decline in external reserves in the second half of 2018. As at 31 December 2018, the reserves were U.S.$43.0 billion compared to

U.S.$39.4 billion as at 31 December 2017. The increase in foreign reserves enabled the CBN to maintain foreign exchange stability by intervening in the markets in 2019 via U.S. dollar injections. However, weakening oil prices, continued instability in the foreign exchange market and the repatriation of investment by foreign portfolio investors led to a decline of Nigeria's external reserves over the course of 2019. External reserves were at U.S.$35.4 billion as at 31 December 2020 and at U.S.$33.3 billion as at 30 June 2021.

Impact of COVID-19.

To date, the COVID-19 pandemic has negatively impacted the global and Nigerian economies through the disruption of global supply chains and lowered equity market valuations. It has created significant volatility and disruption in financial markets, and increased unemployment levels. In addition, the COVID-19 pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many states and communities. Measures implemented to slow the spread of COVID-19, have resulted in significant reductions in economic activity globally. In Nigeria, there has been an adverse impact and a decline in revenue for the Federal Government, oil sector operators, hospitality, airlines, tourism, entertainment, education and transportation and other service sectors, resulting in significant implications for international trade, the value of the Naira and economic growth. COVID-19's impact on the Nigerian economy in the first half of 2020 has resulted in the devaluation of the Naira, a material decline in Nigeria's economic activity and a reduction in the ability for customers from certain industries highly impacted by the COVID-19 pandemic to pay their debt. In the long-run, there may be further negative effects from the COVID-19 pandemic on the macro-economic condition in Nigeria and further devaluation of the Naira. In response to the COVID-19 pandemic and its impact on the Nigerian economy, the Federal Government and CBN introduced financial forbearance and other measures to support businesses and individuals through COVID-19 as described below in "*–The Forbearance Programme*".

These effects described above include, in particular, a pronounced decline in the oil price and general risk aversion in global capital markets, which led to a weakening of the Naira, accelerated inflation, sectoral GDP contraction and a decline in investments. As a result, the Group has faced significant challenges, including a COVID-19 in asset quality, profitability erosion, and capital and liquidity constraints. The Group net impairment charge grew by about ₦43 billion between December 2019 and December 2020 which was COVID-19 related, a significant portion of this increase came from its UK branch and had a non-performing loans ratio of 4.3% as at 31 December 2020, compared to 2.5% as at 31 December 2018. In spite of these challenges, the Group recorded an increase in earnings of 13% in 2020 compared to 2019 and profits before tax of ₦125.9 billion, compared to ₦111.9 billion in 2019, Management believes that its focus on sustainable growth will help mitigate future effects of the continuing COVID-19 pandemic, but the pandemic or other events like it are likely to adversely affect business sentiment and economic activity in the Group's markets. See *"Risk Factors—Risks related to the Group—The outbreak of communicable diseases around the world, in particular the COVID-19 pandemic, has led to higher volatility in the global capital markets, which may materially and adversely affect the Group's business, results of operations and financial condition"* and *"Risk Factors—Risks related to the Group—The majority of the Group's operations and assets are based in Nigeria; a slowdown in economic growth in Nigeria could materially and adversely affect the Group's businesses"*.

As part of the Group's response to the COVID-19 pandemic, the Group received in July 2020 a loan of up to U.S.$50 million from the IFC to help the Bank increase liquidity to SMEs in Nigeria, which are navigating the economic challenges of the COVID-19 pandemic. The Group is expected to repay the loan in July 2022. The funds from the loan, made through IFC's global COVID-19 fast-track financing support package, allowed the Group to provide increased trade financing and working capital to their business clients experiencing disrupted cash flows, supporting business activity and preserving jobs. Additionally, the CBN helped provide financing support to the businesses worst hit by the pandemic and the CBN provided additional direct credit support estimated at ₦2 trillion or 1.3% of GDP.

The Forbearance Programme

In response to the COVID-19 pandemic and its impact on the Nigerian economy, the Federal Government and CBN have introduced financial forbearance and other measures to support businesses and individuals through COVID-19. In May 2020, the CBN, with the support of the Federal Government, implemented the Forbearance Programme, requiring all Nigerian banks to allow a moratorium on the payment of principal and to temporarily reduce interest rates (for a maximum of 12 months) on loans to customers in certain sectors of the economy significantly impacted by the COVID-19 pandemic, including but not limited to customers in the manufacturing, oil and gas, agriculture, real estate/construction and tourism sectors. Those eligible for the Forbearance Programme must apply for the programme and be approved by the Bank in accordance with guidelines issued by CBN. In March 2021, the CBN extended the reduction in interest rates until February 2022 and extended the moratorium on the payment of principal on a case by case basis.

Substantially all of the Group's customers that benefitted from the Forbearance Programme have continued to make timely payments in line with the amended repayment terms of the credit facilities during 2020 and 2021. The exposures approved for the Forbearance Programme are less than 15% of the Group's total exposures. The forbearance exposures are performing facilities and are treated in line with IFRS Standards. However, there can be no assurances that these measures will sufficiently mitigate the adverse effects of the COVID-19 pandemic on the Group's customers and borrowers. The Group is actively monitoring market events to effectively manage the performance of its loan portfolio. Net interest income for 2020 decreased by 5.15% compared to 2019 partially due to the COVID-19 pandemic, but the Group's net interest income increased 58.52% for the six months ended 30 June 2021 compared to the six months ended 30 June 2020 indicates the capacity of the Group's customers, including those currently enjoying payment holidays, to meet their payment obligations even after the end of the deferral period.

The Group has taken steps to restructure certain loans based on the Forbearance Program to make them more consistent with the customers' cashflow capacity. Some of these loans will also benefit from other Federal Government and CBN programs available to support businesses.

Impact of Oil Production and Prices

The Nigerian economy is highly influenced by oil prices and Nigeria's level of oil and gas production. According to NBS, the oil and gas sector accounted for 6.6% of total real GDP in 2020, down from 9.77% in 2019 and 8.6% in 2018. As indicated by GDP growth rates, the Nigerian economy has not fully recovered from a significant decline in monthly crude oil price (Bonny Light), which decreased from an average of U.S.$113.77 per barrel in 2008 to an average price per barrel of U.S.$62.00 and U.S.$59.10 in 2018 and 2019, respectively. The OPEC Reference Basket price (which represents a weighted average of oil prices collected from various oil producing countries) was U.S.$67.12 on 2 January 2020 and fell significantly in March 2020 to U.S.$34.72 on 9 March 2020, a decrease of 28.2%. The OPEC Reference Basket price continued to fall significantly through April 2020 where it reached a low of U.S.$12.41 on 28 April 2020. Since April 2020, oil prices have slowly increased. As at 30 June 2020, the OPEC Reference Basket price increased to U.S.$38.22, and further to U.S.$ 49.17 as at 31 December 2020. As of 30 June 2021, the OPEC Reference Basket price per barrel was U.S.$ 73.39. See "*Risk Factors—Risks related to the Group—The Bank's loan portfolio is concentrated to borrowers in the oil and gas sector and as such, the Bank's business is highly dependent on oil production in Nigeria, global prices of oil and developments in the Nigerian oil and gas sector*".

As at the date of this Base Prospectus, fluctuations in the performance of the global oil industry and related hydrocarbon commodities have in turn impacted the Nigerian banking sector and the Group since Nigerian federal revenues and expenditures are tied to revenues from crude oil. As at 30 June 2021, 27.3% of the Bank's total gross loans and advances to customers were extended to companies in the oil and gas sector, compared to 28.9% as at 31 December 2020, 29.5% as at 31 December 2019 and 25.4% as at 31 December 2018.

Effect of exchange rate movements and Nigeria's currency controls

The Group's functional and reporting currency is the Naira, the official currency of Nigeria. As at 31 December 2020, 31.53% and 40.53% of the Group's financial assets and financial liabilities were denominated in foreign currencies, respectively. Consequently, the Bank's results are affected by changes in foreign exchange rates.

There are multiple national exchange rates in Nigeria. From June 2016, the CBN has utilised market driven currency trading under a flexible, floating exchange rate system. After several attempts at loosening currency controls, in April 2017 the CBN established the NAFEX, a special foreign exchange window for investors, exporters and end-users on over-the-counter markets. In August 2017, the CBN authorised Nigerian Banks to begin quoting at the NAFEX rate instead of the official rate. Under the NAFEX, the Naira was valued at ₦410.2 per U.S. dollar as at 31 December 2020 and ₦364.3 and ₦362.8 per U.S. dollar as at 31 December 2018 and 31 December 2019, respectively. In May 2021, the CBN removed the official exchange rate of ₦379:U.S.$1 from its website, in a bid to unify Nigeria's foreign exchange rates; and effectively adopted the NAFEX rate as the official exchange rate for the Naira. As of 30 June 2021, the Bank uses the NAFEX rate for its banking operations. While the Bank primarily uses the NAFEX rate to translate its balance sheet, its borrowers may choose or, due to a currency shortage at a particular rate, be forced to use, any of the above mentioned exchange rates to obtain the necessary currency to pay their debts. As the rates differ materially, the foreign exchange cost to the Bank's borrowers could also vary significantly each time they translate their loan payments.

Revenue from oil provides approximately 90% of the country's foreign exchange revenues, and the fall in oil prices in the second quarter of 2020 led to a shortage of U.S. dollars in Nigeria. As a result, some of the Group's borrowers have struggled to source U.S. dollars required to meet their obligations on foreign denominated loans and advances. The Group has been actively seeking to reduce the size of its foreign currency lending during recent years. As at 30 June 2021, 28.75% of the Group's net loans and advances to customers were denominated in U.S. dollars, compared to, 19.08% as at 31 December 2020, 36.92% as at 31 December 2019 and 37.31% as at 31 December 2018. A decline in the value of the Naira against the U.S. dollar may mean that loans and borrowings denominated in U.S. dollars will increase in size within the Group's portfolio when the amounts are translated into Naira even though the actual U.S. dollar amount of the loan or borrowings may not have increased. In addition, the COVID-19 pandemic has significantly impacted the foreign exchange rate for the Naira against the U.S. dollar. Further depreciation of the Naira, particularly against the U.S. dollar, could cause the Group's loans and borrowings to show an increase although there is no actual organic growth. Furthermore, the Group may experience material declines in asset quality following a Naira depreciation, reflecting decreased capacity of borrowers to meet their obligations under their loan agreements with the Group. The Group is exposed to foreign exchange risk primarily through its foreign currency denominated loan and deposit portfolios, its borrowings in foreign currency and through its activities as an intermediary in foreign exchange transactions between central and commercial banks.

Nigeria's banking regulatory environment

The Group's results of operations and financial position are affected by the Grouping regulatory regimes of the jurisdictions in which it operates and, in Nigeria, any CBN regulations affecting reserve requirements and/or market liquidity. Since 2017, the Group has been subject to increasingly complex policy interventions by the CBN aimed at stabilising foreign currency and market liquidity and encouraging foreign investment.

The Group is required to maintain a minimum capital adequacy ratio of 15%. In addition, the Group must comply with the CRR, which is the minimum amount of total deposits from customers that the CBN requires commercial Groups to hold as reserves in the form of cash or deposits with the CBN. In March 2016, the CBN's Monetary Policy Committee increased the CRR by 250 basis points to 22.5% of local currency deposits as the balance of risks tilted against price stability. It remained unchanged however until 24 January 2020, when the Monetary Policy Committee voted to increase the CRR by 500 basis points to 27.5% In November 2020, the Monetary Policy Committee of the CBN voted to retain CRR at 27.5 per cent and has retained this CRR at subsequent Monetary Policy Committee meetings. The increase in CRR has impacted the Group's cost of funds adversely in addition to reducing the amount of funding available for lending. In the long term, the Group expects the change in the CRR to result in a higher interest rate environment.

The Group is also affected by changes in the general liquidity levels of the Nigerian economy, which are largely determined by CBN policy. Naira liquidity levels in the Nigerian economy remained high in the period under review, as several treasury bills and open market operation bills reached maturity during the fourth quarter of 2019. In a departure from past practice, the CBN opted not to roll over maturing open market operation ("**OMO**") bills and passed a regulation excluding individuals and corporate investors from the primary and secondary OMO markets. The policy changes aimed to drive domestic interest rates lower while, simultaneously, OMO rates were maintained at a high level in order to attract foreign inflows. The CBN also increased the overall yield on OMO bills with the one-year OMO bill printing at 15.5%. The increased yield on OMO securities helped to support the Naira, which came under some pressure due to the exit of foreign investors. This has resulted in excess liquidity in the Nigerian economy. Increases in the general liquidity levels in the Nigerian economy generally lead to an increase in lending across the Nigerian Grouping sector and a decrease in average interest rates. In 2020, the CBN is expecting a medium-term liquidity surplus due to maturing treasury bills held by local private and institutional investors.

The CBN announced new measures to boost Group lending to the private sector by directing deposit money Groups to maintain a minimum LDR of 60.0% with effect from 30 September 2016. This minimum LDR was further increased to 65.0%, effective 30 September 2019. The changes to the minimum LDR led the Group to increase its lending to the agriculture and food manufacturing sectors to further the Group's portfolio diversification.

On 21 April 2017, the CBN released the Revised Guide to Bank Charges, which provides a standard for the application of charges in the Grouping industry, and took effect from 1 May 2017. The Revised Guide to Bank Charges provides that banks must pay interest on savings deposits in Nigeria at a minimum rate equal to 30% of the MPR established by the CBN. At the current MPR of 11.5%, this translates to a minimum of 4.1% per annum. Furthermore, on 19 December 2019, the CBN published a Revised Guide to Charges by Banks, Other Financial Institutions and Non-Banks, which took effect on 1 January 2020. The new guidance required banks and non-bank financial institutions to reduce charges applicable to bank accounts, electronic transfers, and ATMs. The implementation of this rule has led to an approximately 30% decrease in transaction fees for the Bank due to the Diamond Bank Merger. See "*Risk Factors—Risks related to the Group—The Group operates in an uncertain regulatory environment and recent changes to and by the CBN may have a material adverse effect on the Group*".

Interest rate environment and funding

One of the most significant factors affecting the Group's profitability is the level of, and fluctuations in, interest rates in Nigeria over time, which in turn (along with the volume of loans and deposits) influence the interest income generated by the Group's assets (primarily loans and advances to customers and investment securities) and the interest expense associated with its liabilities (primarily deposits). Increases in interest rates typically led to subsequent increases in net interest income as the Group's assets reprice more quickly than liabilities, particularly due to the high proportion of on-demand deposits with near-zero interest rates held by the Group. Movements in short and long-term interest rates have also affected the Group's level of gains and losses on its investment and trading portfolio.

The MPR was held constant at 14.0% throughout 2017 and 2018. In March 2019, the MPR was decreased to 13.50% and 11.5% in September 2020 where it has remained to the date of this Base Prospectus. These decreases from the historically high MPR has resulted in increasing pressure on the Group's net interest margins. The weighted average prime lending and average time deposit rates in 2018 were 14.0% and 8.9%, respectively, while for 2019, the rates closed at 11.5% and 9.1%, respectively. The weighted average prime lending and average time deposit rates were 11.67% and 11.25% in 2020 and the six months ended 30 June 2021. In 2019, treasury yields generally trended downward as a result of increased demand from foreign investment given the relatively peaceful general elections and the higher yields offered on Nigerian treasury bills relative to peer countries. However, the general decline in yield has also had a negative effect on net interest margin and has constrained operating income even as operating expenses have increased at a level below the rate of inflation. The Group's cost to income ratio has decreased to 66.68% for the six months ended 30 June 2021 compared to 72.17% for the year ended 31 December 2020 from 69.68% for the year ended 31 December 2019 and 65.27% for the year ended 31 December 2018.

The CBN may tighten its monetary policy stance due to sustained inflationary pressures, particularly in response to any regional and global macroeconomic challenges. The Group generates the majority of its interest income from loans and advances to customers and investment securities, which represented 55.92% and 57.23% of total assets as at 30 June 2021 and 31 December 2020, respectively. The average interest rate on the Group's loans and advances to customers has been falling and was 10.0% in the six months ended 30 June 2021 and 9.8% in 2020, 12.5% in 2019 and 13.0% in 2018. The average earnings on investment securities as represented by the average interest rate on the Group's investment securities was 5.9% in 2020, 7.3% in 2019 and 11.0% in 2018.

Nigeria's banking sector has continued to struggle with macroeconomic pressures such as rising inflation and unemployment which has resulted in reduced spending and investment by both individuals and governments. Despite the numerous challenges, the Nigerian Banking sector responded swiftly to the disruptions from the COVID-19 pandemic with the CBN rolling out stimulus packages to combat the effects of the pandemic on critical sectors including cutting the interest rate on its intervention facilities.

Management believes its profitability in 2020 and 2021 has been negatively impacted by the CRR, which is 27.5% as at the date of this Base Prospectus, as the money is required to be held as reserves at the CBN and not invested in interest-earning assets.

Further, income from investment securities has fallen as the interest rates of treasury bills were on a steady decline with rates reaching as low as 1.15% in August 2020, compared to a high of 17.1% in 2019. Interest rates on treasury bills decreased to record low interest rates in 2020, primarily as the government aimed to drive the LDR of Nigerian commercial banks to stimulate the economy by ensuring financial institutions focus on growing credit rather government treasury bills. This had a negative impact on the Group's income due to consequential reductions in the associated yield of such instruments. However, even though the interest rates on treasury bills declined, the Group investment in treasury bills during this period increased from ₦717 million as at 31 December 2018 to ₦1,506 million as at 30 June 2021.

Despite a reduction in interest expense from ₦259.6 billion as at 31 December 2019 to ₦226 billion as at 31 December 2020, the Bank's net interest income declined from ₦277 billion as at 31 December 2019 to ₦263 billion as at 31 December 2020.

If interest rates on Government securities continue to decline, this could have a material adverse effect on the Group's business, results of operations and financial condition.

Demand for the Group's products

Demand for the Group's loans and other products, and the Group's ability to continue to create loans, affect the size of the Group's loan portfolio and, in turn, the Group's results of operations. The Group's loans and advances to customers and investment securities are the main drivers of the Group's interest income. In addition, a significant portion of the Group's fee and commission income, which consists of fees arising from transaction and banking activity, facility fees and administrative fees, is associated with the volume of loans extended by the Group. Demand for the Group's loans and other products depends on several factors, which include economic and political conditions in Nigeria and elsewhere in Africa, conditions prevailing in the Nigerian banking sector, the Group's competitive environment and the Group's ability to take advantage of growth opportunities.

Loans and advances to customers increased to ₦3,218,107 million as at 31 December 2020, compared to ₦2,911,580 million as at 31 December 2019 and ₦1,993,606 million as at 31 December 2018. The increase of ₦306,527 million in loans and advances to customers in 2020 was primarily due to emerging lending opportunities in the Nigerian real (non-financial) sector of the economy and the Group's partnership on a lending programme with the Federal Government – including the ECA loans and salary bailout facilities – ensuring that they have a positive and far-reaching social, economic and sustainable impact with the attendant multiplier effect on citizens and the country at large. Loans and advances to corporate entities and other organisations constituted 93.62%, 92.97% and 93.70% of the Group's loan portfolio as at 31 December 2020, 31 December 2019 and 31 December 2018, respectively, reflecting the Group's focus on corporate clients (institutional and commercial) during these periods. Management believes that, as it develops its relationship with its corporate clients, it will be able, over time, to benefit from increased business along the value chain of these corporate clients, such as its suppliers, distributors, customers, employees and shareholders of such corporate clients.

Level and cost of deposits

The Group has historically relied almost exclusively on corporate and retail depositors to meet its funding needs as access to other funding sources, including the capital markets, has been limited. Nigerian companies usually withdraw their deposits on a frequent basis and are not typically in a position to place significant funds in deposits on a long-term basis. The CBN requires Nigerian banks to maintain a 30.0% liquidity ratio to meet short-term liquidity needs. Decreases in corporate deposits and/or unexpected withdrawals of retail deposits can increase the Group's costs of funding when other sources of funding are not available on commercially reasonable terms or in time to meet the Group's funding requirements. Moreover, the CBN's requirement to maintain a 30.0% liquidity ratio results in certain constraints on the Group's ability to lend, which in turn affects the size and growth of its loan portfolio. As at 30 June 2021 and 31 December 2020, the Group's liquidity ratio was 48.50% and 44%, respectively. In 2019 the Group's deposits from customer increased significantly due to the ₦1,055,147 million of deposits from customers acquired from the Diamond Bank Merger.

Competition

The banking industry in Nigeria has become increasingly competitive, which has resulted in increasing pressure on the loan rates chargeable by the Group, particularly in the corporate segment. The Group's net interest margin (defined as net interest income divided by average interest earning assets) was 5.93% for the six months ended 30 June 2021, 4.36% for 2020, 5.32% for 2019 and 5.05% for 2018.

In 2018, the CBN published a new licensing framework applicable to all payment service providers and financial technology companies, permitting these entities to offer certain banking services subject to meeting specific requirements including minimum capitalisation levels. Management believes that the introduction of these financial service providers into the market, as well as the general trend toward consolidation in the Nigerian banking sector, may further increase competition as larger bank and financial services providers seek to take advantage of economies of scale and greater capacity to undertake larger loans and other operations. This increased competition is likely to result in a further narrowing of spreads between deposit and loan rates. See "*Description of the Group—Market Position and Competition*" and "*Risk Factors—Risks related to the Group—The Group faces increased levels of competition in the Nigerian banking industry*".

Acquisitions

The Group has engaged in a number of acquisitions during the period under review.

The Group completed the merger with former Diamond Bank Plc in March 2019. The merger involved the Bank acquiring the entire issued share capital of Diamond Bank in exchange for a combination of cash consideration and shares in the Bank via a scheme of merger. In fulfilment of the consideration for the acquisition, Diamond Bank's shareholders received a consideration comprising (i) a cash consideration of ₦1.00 per Diamond Bank Share representing a total cash amount of ₦23,160,389 thousand, and (ii) the allotment of 6,617,253,991 new Bank ordinary shares, representing the 2 new Bank ordinary shares for every 7 Diamond Bank shares. The acquisition was accounted for as a business combination which resulted in acquired intangible assets of ₦51.30 billion. Diamond Bank was Nigerian's leading retail bank with 19 million customers, including 10 million mobile customers, and a strong reputation for data analytics and technological innovation at the time of the acquisition.

Additionally, in July 2020, the Group acquired Transnational Bank in Kenya. The acquisition involved the Group acquiring the 99.98% issued share capital of Transnational Bank in exchange for cash consideration of ₦5,517,428 thousand. In fulfilment of the consideration for the acquisition, Transnational Bank's shareholders received a total cash consideration offer of ₦5,634,410 thousand comprising of (i) a cash consideration payment of ₦4,225,808 thousand (ii) a deferred payment of ₦1,408,603 thousand to be made to shareholders at the expiration of 2 years. For the purpose of the goodwill computation, this deferred consideration has been carried at its present value of ₦1,291,620 thousand using a discount rate of 4.24%.

In May 2021, the Group completed the acquisition of BancABC Mozambique. The consideration for the acquisition comprises of (i) a cash consideration payment of ₦5,171,477 thousand (ii) a deferred payment of ₦5,164,814 thousand to be made to shareholders at the expiration of two years. With the completion of the acquisition of BancABC Mozambique, the Group will begin merging the operations of BancABC Mozambique with Access Bank Mozambique which is expected to create the seventh largest bank in the Mozambican banking market by total assets.

In May 2021, the Group completed the acquisition of Grobank. The acquisition involved the Bank acquiring 90.35% issued share capital of Gro Bank in exchange for cash of ₦11,411,683 thousand. This cash however has been capitalised in the former Gro Bank (now Access Bank South Africa) as additional shares as authorised by the South African regulators. Following the completion of all regulatory procedures, Grobank Limited was renamed Access Bank South Africa Limited in May 2021.

The acquisitions discussed above affect the Group's results of operations in a number of ways including increasing its assets and liabilities. As a result of these acquisitions, the Group has seen growth in its loan book with about ₦49,302 million coming from the acquisition and ₦70,230 million in deposits from customers. See "*Risk Factors—Risks related to the Group—The Group has in the past made and, in the future, may make acquisitions and investments, which could divert management's attention, result in operating difficulties and otherwise disrupt the Group's operations and adversely affect its business, results of operations and financial condition*". The Group's NPLs increased from 2.49% of its total loan portfolio in 2018 to 5.79% of its total loan portfolio in 2019 primarily as a result of the Diamond Bank Merger as Diamond Bank held a higher amount of NPLs than the Group. While the Group continues to pursue its recovery processes to reduce its NPLs to pre-merger levels, there can be no assurance that future acquisitions will not have a similar impact on the Group's NPLs. As at 30 June 2021, the Group’s NPLs represented 4.34% of its total loan portfolio. Under IFRS, goodwill is recorded as an intangible asset and measured at cost less any accumulated impairment losses.

More recently, the Bank entered into an agreement to enter Botswana. See "—*Recent Developments*" below.

Significant accounting policies

The Group's consolidated financial position and results of operations presented in the Financial Statements and the notes thereto, as well as selected statistical and other information appearing elsewhere in this Base Prospectus are prepared in accordance with IFRS and depend upon the Group's accounting policies, which in some cases involve a significant amount of management judgement. The Group has identified those accounting policies that Management believes to be the most important to an understanding of the consolidated results of operations and financial condition of the Group. The Group's significant accounting policies are described in Note 3.1 to the Financial Statements. These significant accounting policies require management's subjective and complex judgement about matters that are inherently uncertain.

Recent developments

In April 2021 the Group entered into a share purchase agreement to acquire 78.15% of the shares in African Banking Corporation of Botswana Limited ("***BancABC Botswana***") for a consideration which will be based on 1.0x the net asset value of BancABC Botswana at completion of the acquisition, such net asset value being subject to a completion audit and any adjustments which may arise. As of 31 December 2020 the audited net asset value of BancABC Botswana was BWP1.178298 billion (or U.S.$109.2 million, at an official exchange rate of BWP10.79:U.S.$1 as of 31 December 2020). The acquisition is expected to close before the end of 2021 and is still subject to a number of customary closing conditions.

The Group's market entry into Botswana through BancABC Botswana will enable it further solidify its strategy as a strong banking partner in key verticals across retail and corporate banking, including supporting trade and payments across Southern Africa and Sub-Saharan Africa more broadly. BancABC Botswana is the fifth largest bank in Botswana by total assets and is a well-capitalised banking institution which Management believes can grow in its local market.

Results of operations

The following table sets forth the Group's results of operations for the six months ended 30 June 2021 and 2020 and for years ended 31 December 2020, 2019 and 2018.

	Six months ended 30 June		Year ended 31 December		
	2021	2020	2020	2019	2018
	(₦ thousands)			*(₦ thousands)*	
Interest income calculated using effective interest rate	279,642,750	211,990,533	425,666,038	453,550,213	360,307,616
Interest income on financial assets at FVTPL	40,091,259	34,731,987	63,550,668	83,296,576	20,607,306
Interest expense	(119,666,182)	(120,515,106)	(226,266,663)	(259,617,791)	(207,336,761)
Net interest income	**200,067,827**	**126,207,414**	**262,950,043**	**277,228,998**	**173,578,161**
Net impairment charge	(28,669,006)	(16,465,691)	(62,893,120)	(20,189,393)	(14,656,723)
Net interest income after impairment charges	**171,398,821**	**109,741,723**	**200,056,923**	**257,039,605**	**158,921,438**
Fee and commission income	73,714,813	51,774,914	116,700,349	91,845,403	62,095,546
Fee and commission expense	(14,987,677)	(11,182,650)	(23,126,925)	(17,798,050)	(9,600,893)
Net fee and commission income	**58,727,136**	**40,592,264**	**93,573,424**	**74,047,353**	**52,494,653**
Net gains on financial instruments at fair value	(23,254,811)	134,840,621	122,689,735	66,102,274	96,324,350
Net foreign exchange loss	68,195,022	(66,222,898)	(7,568,256)	(83,876,395)	(23,768,927)
Net loss on fair value hedge (hedging ineffectiveness)	(4,221,443)	-	(795,254)	-	-
Other operating income	13,804,602	29,642,085	44,474,162	55,835,529	13,178,688
Personnel expenses	(43,604,490)	(36,251,381)	(73,173,176)	(76,964,138)	(57,144,039)
Rent expenses[1]	—	—	—	—	(4,334,491)
Depreciation	(14,062,194)	(12,531,309)	(27,615,333)	(21,232,914)	(13,535,345)
Amortisation and impairment[2]	(6,021,877)	(4,829,364)	(9,913,194)	(7,927,685)	(2,799,133)
Other operating expenses	(126,113,891)	(120,675,517)	(215,806,906)	(151,098,113)	(116,149,491)
Profit before tax	**97,495,592**	**74,306,224**	**125,922,125**	**111,925,523**	**103,187,703**
Income tax	(10,560,073)	(13,271,428)	(19,912,434)	(17,868,920)	(8,206,617)
Profit for the year	**86,935,519**	**61,034,796**	**106,009,691**	**94,056,603**	**94,981,086**

(1) Rental expenses were included in other operating expenses for the periods after the year ended 31 December 2018.

(2) Amortization and impairment was impacted by the implementation of IFRS 16 from 1 January 2019.

Six months ended 30 June 2021 compared to six months ended 30 June 2020

The following table sets out certain information relating to the Group's net interest income for the periods indicated.

	Six months ended 30 June		
	2021	2020	Change
	(₦ thousands)		(%)
Interest income calculated using effective interest rate	279,642,750	211,990,533	31.9
Interest income on financial assets at FVTPL	40,091,259	34,731,987	15.4
Interest expense	(119,666,182)	(120,515,106)	0.7
Net interest income	**200,067,827**	**126,207,414**	**58.5**

Net interest income for the six months ended 30 June 2021 amounted to ₦200,068 million, an increase of 58.5% compared to net interest income of ₦126,207 million for the six months ended 30 June 2020. This increase in net interest income was primarily due to an increase in the yield of government securities and the repricing of the loan books.

The Group's net interest margin increased to 5.93% the six months ended 30 June 2021 from 4.39% for the six months ended 30 June 2020. The primary reason for the increase in the Group's net interest margin was due to the increased earnings recorded from the rise in rates earned on Federal Government securities as well as the reduction in cost of funding due to an increase in low-cost deposits.

Interest income

The following table sets out details of the Group's interest income for the periods indicated.

	Six months ended 30 June				
	2021	% of total	2020	% of total	Change
	(₦ thousands, except percentages)				(%)
Cash and balances with banks	5,167,092	1.6	5,390,063	2.2	4.1
Loans and advances to banks	7,951,874	2.5	6,724,059	2.7	18.3
Loans and advances to customers	174,427,121	54.6	160,606,501	65.1	8.6
Investment securities:					
- Financial assets at FVOCI	73,613,168	23.0	21,617,886	8.76	240.5
- Financial assets at amortised cost	18,483,495	5.8	17,652,024	7.2	5
- Financial assets at FVPL	40,091,259	12.5	34,731,987	14.08	15.4
Total interest income	**319,734,009**	**100**	**246,722,500**	**100**	**29.6**

Total interest income increased by ₦73,011 million, or 29.6 %, from ₦246,723 million for the six months ended 30 June 2020, to ₦319,734 million for the six months ended 30 June 2021, primarily due to the repricing of loans and a moratorium granted in the previous year as well as the Group's increased in investment securities and yield in investment securities during the period.

Interest income from loans and advances to customers increased by ₦13,821 million, or 8.61%, from ₦160,607 million for the six months ended 30 June 2020, to ₦174,427 million for the six months ended 30 June 2021 primarily as a result of the repricing of loans and a moratorium granted in the previous year.

Interest income from investment securities increased by ₦58,186 million or 79%, to ₦132,188 million for the six months ended 30 June 2021 from ₦74,002 million for the six months ended 30 June 2020, primarily as a result of the increased securities trading activities the Group was engaged and increase in yields in during the period.

Interest income from loans and advances to banks increased by ₦1,228 million, or 18.26%, from ₦6,724 million for the six months ended 30 June 2020, to ₦7,952 million for the six months ended 30 June 2021, primarily as a result of the increase in the volume of loans and advances to banks from the Group's decision to refocus on the Group's core banking business.

Interest income from cash and balances with banks decreased by ₦223 million, or 4.14%, from ₦5,390 million for the six months ended 30 June 2020, to ₦5,167 million for the six months ended 30 June 2021, primarily as a result of lower priced placements due to the grappling economy in the first half of the year when rates were slowly rising.

Interest expense

The following table sets out details of the Group's interest expense for the periods indicated.

	Six months ended 30 June				
	2021	% of total	2020	% of total	Change
	(₦ thousands, except percentages)				(%)
Deposit from financial institutions	30,501,981	25.5	34,065,691	28.3	10.5
Deposit from customers	56,773,488	47.4	63,826,589	53.0	11.1
Debt securities issued............................	10,144,247	8.5	9,458,568	7.8	(7.2)
Lease liabilities	640,970	0.5	688,073	0.6	6.8
Interest-bearing borrowings and other borrowed funds..................................	21,605,496	18.1	12,476,185	10.4	(73.2)
Total interest expense..........................	**119,666,182**	**100**	**120,515,106**	**100**	**0.70**

Total interest expense incurred by the Group decreased by ₦848 million, or 0.70%, from ₦120,515 million for the six months ended 30 June 2020, to ₦119,666 million for the six months ended 30 June 2021. This decrease was primarily the result of the Group's drive towards low funding cost and alternative cheaper funding sources.

Interest expense on deposits from customers decreased by ₦7,053 million, or 11.1%, from ₦63,827 million for the six months ended 30 June 2020, to ₦56,773 million for the six months ended 30 June 2021. This decrease was primarily the result of the Group's drive towards low funding cost and alternative cheaper funding sources. The focus of deposit growth has been on retail deposits (with low or no interest rates) as against term-deposits (which have higher rates).

Interest expense on deposits from financial institutions decreased by ₦3,564 million, or 10.5%, from ₦34,066 million for the six months ended 30 June 2020, to ₦30,502 million for the six months ended 30 June 2021. This decrease was primarily the result of the Group's decision to reduce its deposits on the interbank market and position itself as a net placer of funds rather than a net taker of funds.

Interest expense relating to interest-bearing borrowings and other borrowed funds increased by ₦9,129 million, or 73.2%, from ₦12,476 million for the six months ended 30 June 2020, to ₦21,605 million for the six months ended 30 June 2021. This increase was primarily the result of increased borrowings by the Group to improve liquidity.

Interest expense relating to debt securities issued increased by ₦685 million, or 7.2%, from ₦9,459 million for the six months ended 30 June 2020, to ₦10,144 million for the six months ended 30 June 2021. This increase was primarily the result of the increase in foreign currency denominated borrowings that increased when translated into Naira on the Group's balance sheet as a result of further devaluation of the Naira.

Net impairment charge

The following table sets out certain information relating to the Group's impairment allowances on loans and advances and other assets for the periods indicated.

	Six months ended 30 June	
	2021	2020
	(₦ thousands)	
Allowance for impairment on loans and advances to banks	(1,018,405)	(2,418,497)
Allowance for impairment on loans and advances to customers.............................	(26,598,042)	(13,324,286)
Allowance/(write-back) on impairment on financial assets in other assets.............	525,386	(1,132,843)
(Write-back)/allowance on off-balance-sheet items	(308,627)	800,376
Allowance for impairment on money market placement..	(174,993)	5,416)
Allowance for impairment on investment securities...	(1,080,704)	(385,025)
Allowance for impairment on pledged assets	(13,620)	(9,801)
Net impairment charge on financial assets...	**(28,669,004)**	**(16,465,691)**

The Bank's net impairment charge on financial assets for the six months ended 30 June 2021 increased by ₦12,203 million, or 74.1%, from ₦16,466 million for the six months ended 30 June 2020, to ₦28,669 million primarily, due to the Bank's decision to improve its asset quality through increasing the provisions for impaired assets.

The Group's NPLs as at 30 June 2021 was ₦178.6 million, representing 4.34% of gross loans and advances, and ₦156.5 million, or 4.3%, of gross loans and advances as at 30 June 2020. This decrease was primarily due to the Group's continued application of its recovery processes on the NPLs it had acquired from the Diamond Bank Merger in 2019.

Net interest income after impairment charges

As a result of the foregoing, net interest income after impairment charges increased by ₦61,657 million, or 56.2%, from ₦109,742 million for the six months ended 30 June 2020, to ₦171,399 million for the six months ended 30 June 2021.

Net fee and commission income

The following table sets out certain information relating to the Group's fee and commission income and expense for the periods indicated.

	Six months ended 30 June		
	2021	**2020**	**Change**
	(₦ thousands)		*(%)*
Fee and commission income	73,714,813	51,774,914	42.4
Fee and commission expense	(14,987,677)	(11,182,650)	34.0
Net fee and commission income	**58,727,136**	**40,592,264**	**44.7**

Net fee and commission income increased by ₦18,135 million, or 44.7%, to ₦58,727 million for the six months ended 30 June 2021 from ₦40,592 million for the six months ended 30 June 2020 due to an increase in transaction fees as a result of increase in the use of the Bank's channel platform.

Fee and commission income

The following table shows the composition of the Group's fee and commission income for the periods indicated.

	Six months ended 30 June		
	2021	**2020**	**Change**
	(₦ thousands)		*(%)*
Credit-related fees and commissions	20,585,640	17,135,879	20.1
Account maintenance charge and handling commission	10,855,275	7,135,519	52.1
Commission on bills and letters of credit	2,143,990	930,988	130.3
Commission on collections	756,500	447,590	69.0
Commission on other financial services	7,158,901	2,763,484	159.1
Commission on foreign-currency-denominated transactions	1,885,382	1,216,938	54.9
Channels and other E-business income	29,911,927	21,842,377	36.9
Retail account charges	417,198	302,139	38.1
Total fee and commission income	**73,714,813**	**51,774,914**	**42.4**

Total fee and commission income increased by ₦21,940 million or 42.4%, to ₦73,715 million for the six months ended 30 June 2021 from ₦51,775 for the six months ended 30 June 2020, primarily as a result of the Group's improved digitalised strategy and the promotion of alternate channels post COVID-19, is in line with the Group's retail drive strategy.

Channels and other E-business, which includes income from electronic channels, card products and related services, income increased by ₦8,070 million or 36.9%, to ₦29,912 million for the six months ended 30 June 2021 from ₦21,842 million for the six months ended 30 June 2020, primarily as a result of the increase in the volumes of alternate channels transaction (including POS, digital sales and e-banking platforms) due to the increased retail business.

Credit-related fees and commissions, which are fees charged to corporate customers (other than fees included in the determination of effective interest rates for loans and advances at amortised cost) increased by ₦3,450 million or 20.1%, to ₦20,586 million for the six months ended 30 June 2021 from ₦17,136 for the six months ended 30 June 2020, primarily as a result of increased lending.

Account maintenance charge and handling commission increased by ₦3,720 million or 52.1%, to ₦10,855 million for the six months ended 30 June 2021 from ₦7,136 million for the six months ended 30 June 2020, primarily as a result of the Bank's growing retail business and increase transaction volumes on retail accounts.

Fee and commission expense

Fees and commissions expenses are fees charged to the Bank for the provision of services to customers transacting on alternative platforms of the Bank and include the cost incurred by the Bank for providing these platforms for the purposes of internet banking, mobile banking and online purchases. These expenses also include expenses incurred by the Bank on the various debit and credit cards it issues. The corresponding income lines for these expenses include income on cards (both foreign and local cards), online purchases and bill payments included in fees and commissions.

Total fee and commission expense increased by ₦3,805 million or 34%, to ₦14,988 million for the six months ended 30 June 2021 from ₦11,183 million for the six months ended 30 June 2020, as a result of increased transaction volumes hence the cost of maintain those platforms had also increased.

Net gains on financial instruments at fair value

Net gains on financial instruments at fair value includes gains and losses arising both on the purchase and sale of securities and other trading instruments and from changes in the fair value of such instruments. Net gains on financial instruments at fair value amounted to a loss of ₦23,255 million for the six months ended 30 June 2021, a decrease of ₦158,095 million, or 117.25%, from ₦134,841 million in the six months ended 30 June 2020. This decrease was primarily the result of increasing yields on money market instruments that culminated in reduced market prices which translates to lower fair values for these instruments.

Net foreign exchange loss

The following table sets out details of the Group's net foreign exchange loss for the periods indicated.

	Six months ended 30 June		
	2021	**2020**	**Change**
	(₦ thousands)		*(%)*
Realised gain	66,042,110	-	-
Foreign exchange gain/(loss) on items not hedged	2,152,912	-	-
Foreign exchange trading gain (loss)	—	(8,559,721)	-
Unrealised foreign exchange gain (loss) on revaluation	—	(57,663,177)	-
Net foreign exchange loss	**68,195,022**	**(66,222,898)**	**-**

For the six months ended 30 June 2020, the Bank realised a foreign exchange trading loss of ₦8,560 million. For the six months ended 30 June 2021, the Bank realised a foreign exchange gain of ₦68,195 million. The loss was primarily a result of the significant devaluation of the Naira in mid-2020. The gain in the 2021 period reflected the use of various derivative instruments and a slower devaluation of the naira in 2021.

Other operating income

The following table shows details of the Group's other operating income for the periods indicated.

	Six months ended 30 June		
	2021	**2020**	**Change**
	(₦ thousands)		*(%)*
Dividends on equity securities	2,625,898	2,312,433	13.6
Gain on disposal of property and equipment	—	2,449,085	(100.0)
Rental income	480	3,810	(87.4)
Bad debt recovered	3,371,985	22,359,337	(84.9)
Cash management charges	430,362	325,326	32.3
Income from agency and brokerage	645,937	118,348	445.8
Income from asset management	440,195	1,064,104	(58.6)
Income from other investments	4,360,696	878,511	396.4
Income from other financial services	1,929,049	131,131	1371.1
Income from sale of investment property	—	—	—
Valuation gain on investment property	—	—	—
Total other operating income	**13,804,602**	**29,642,085**	**(53.4)**

Other operating income decreased by ₦15,837 million, or 53.4%, from ₦29,642 million for the six months ended 30 June 2020 to ₦13,805 million for the six months ended 30 June 2021, mainly as a result of a lower rate of debt recovery as compared to the first half of the year post COVID-19 since most businesses were recovering from the impact of the pandemic.

Personnel expenses

The following table sets out details of the Group's personnel expenses for the periods indicated.

	Six months ended 30 June		
	2021	**2020**	**Change**
	(₦ thousands)		*(%)*
Wages and salaries	41,308,636	34,140,292	21.0
Increase in defined benefit obligation	376,821	384,828	(2.1)
Contributions to defined contribution plans	1,203,643	1,191,879	1.0
Restricted share performance plan[1]	715,390	534,382	33.9
Total personnel expenses	**43,604,490**	**36,251,381**	**20.3**

(1) Under the Restricted Share Performance Plan ("**RSPP**"), shares of the Bank are awarded to employees based on their performance at no cost to them. Under the terms of the plan, the shares vest over a three-year period from the date of award. The scheme applies only to employees of the Bank that meet the stipulated performance criteria irrespective of where they work within the Group. Some members of the Group also have a similar scheme, with shares vesting over a period of seven years. The RSPP is an equity-settled scheme, where the Group recognises an expense and a corresponding increase in equity. Initial estimates of the number of equity-settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity-settled instruments that vest unless differences are due to market conditions. By the resolution of the Board and Shareholders, the Group sets aside an amount not exceeding twenty (20)% of the aggregate emoluments of the Group's employees in each financial year to purchase shares of the Group from the floor of the NGX for the purpose of the plan. The Group has also established a Structured Entity ("**SE**") to hold shares of the Bank purchased. Upon vesting, the SE transfers the shares to the employee whose interest has vested. The SE is consolidated in the Financial Statements. See Note 14 to the 2020 Financial Statements for more details regarding the shares allocated to staff.

Total personnel expenses increased by ₦7,353 million, or 20.2%, from ₦36,251 million for the six months ended 30 June 2020, to ₦43,604 million for the six months ended 30 June 2021, primarily as a result of an increase staff numbers due to the recent acquisitions as part of the subsidiary expansion strategy.

Depreciation

Depreciation increased by ₦1,531 million, or 12.22%, to ₦14,062 million for the six months ended 30 June 2021 from ₦12,531 million for the six months ended 30 June 2020 reflecting the acquisition of fixed assets during the period resulting from acquisitions and capital expenditures to improve operational activities.

Amortisation

Amortisation increased by ₦1,193 million, or 24.69%, to ₦6,022 million for the six months ended 30 June 2021 from ₦4,829 million for the six months ended 30 June 2020, as a result of the Group's digitisation strategy which increased technology and other software required which are then amortised over time.

Other operating expenses

The following table sets out details with respect to the Group's other operating expenses for the periods indicated.

	Six months ended 30 June				
	2021	**% of total**	**2020**	**% of total**	**Change**
		(₦ thousands)			*(%)*
Premises and equipment costs	9,243,855	7.3	6,985,188	5.8	32.3
Professional fees	5,609,900	4.4	5,398,828	4.5	3.9
Insurance	787,052	0.6	774,448	0.6	(1.63)
Business travel expenses	4,186,845	3.3	4,308,468	3.6	(2.82)
AMCON surcharge[1]	41,508,977	32.9	35,435,426	29.4	17.14
Bank charges	1,887,016	1.5	2,236,588	1.9	(15.63)
Deposit insurance premium	9,964,468	7.9	7,535,271	6.2	32.24
Auditor's remuneration	693,253	0.5	467,094	0.4	48.42

	Six months ended 30 June				
	2021	% of total	2020	% of total	Change
	(₦ thousands)				(%)
Administrative expenses	7,584,998	6.0	7,732,099	6.4	(1.90)
Board expenses	896,138	0.7	712,990	0.6	25.69
Communication expenses	1,684,291	1.3	3,466,305	2.9	(51.41)
IT and e-business expenses	13,835,474	11.0	12,090,773	10.0	14.43
Outsourcing costs	9,656,610	7.7	11,393,808	9.4	(18.90)
Advertisements and marketing expenses	3,416,681	2.7	6,697,700	5.6	(51.19)
Recruitment and training	742,003	0.6	2,338,779	1.9	(69.64)
Events, charities and sponsorship	3,356,633	2.66	4,339,033	3.6	(25.98)
Periodicals and subscriptions	562,241	0.4	254,781	0.2	111.16
Security expenses	2,599,244	2.1	2,642,667	2.2	(5.88)
Loss on disposal of investment property	80,274	0.1	—	0.0	—
Modification gain on Loans	3,123,582	2.5	—	0.0	—
Cash processing and management cost	1,580,618	1.3	3,253,103	2.7	(53.51)
Stationaries, postage and printing	1,116,436	0.9	952,812	0.8	12.12
Office provisions and entertainment	212,612	0.2	330,979	0.3	(38.53)
Rent expenses	1,784,692	1.4	1,328,377	1.1	28.56
Total other operating expenses	**126,113,893**	**100**	**120,675,517**	**100**	**4.5**

(1) The Asset Management Corporation of Nigeria ("AMCON") surcharge represents the Group's contribution to AMCON's sinking fund. Each Nigerian bank is required to contribute 0.57% of its total assets as at the preceding year-end to AMCON's sinking fund in line with existing guidelines. The contribution to AMCON is a levy on all deposit money banks in Nigeria. It is non-refundable and does not represent any ownership interest nor does it confer any rights or obligations (save to pay the levy) on the contributor.

The Group's other operating expenses increased by ₦5,438 million, or 4.51%, to ₦126,114 million for the six months ended 30 June 2021 from ₦120,676 million for the six months ended 30 June 2020, primarily as a result of the increase in the AMCON surcharge.

The AMCON surcharge increased by ₦6,074 million, or 12.09 %, to ₦41,509 million for the six months ended 30 June 2021 from ₦35,435 million for the six months ended 30 June 2020, as a result of the increase in the balance sheet size.

The IT and e-business expenses increased by ₦1,745 million, or 14.4%, to ₦13,835 million for the six months ended 30 June 2021 from ₦12,091 million for the six months ended 30 June 2020, as a result of the Group's technology drive, including digitisation projects.

Income tax expense

Income tax expense for the six months ended 30 June 2021 decreased to ₦10,560,073 million from ₦13,271,428 million for the six months ended 30 June 2020 as a result of the reduction of the minimum tax rate in Nigeria based on the 2020 Finance Act and a decline in unrealised foreign exchange losses of the Group. The Group's effective income tax rate for the six months ended 30 June 2021 was 10.83% compared to 17.86% for the six months ended 30 June 2020. This is because the income generated from bonds and treasury bills are tax exempt and these income sources proved to be significant in the period compared to prior periods hence the decrease in taxable income.

Year ended 31 December 2020 compared to year ended 31 December 2019

Net interest income

The following table sets out certain information relating to the Group's net interest income for the periods indicated.

	Year ended 31 December		
	2020	2019	Change
	(₦ thousands)		(%)
Interest income calculated using effective interest rate	425,666,038	453,550,213	(6.10)
Interest income on financial assets at FVTPL	63,550,668	83,296,576	(23.7)
Interest expense	(226,266,663)	(259,617,791)	12.8
Net interest income	**262,950,043**	**277,228,998**	**(5.2)**

Net interest income for 2020 amounted to ₦262,950 million, a decrease of 5.15% compared to net interest income of ₦277,229 million for 2019. This decrease in net interest income was primarily due to a decrease in the yield of investment securities as well as a decrease in total loans and advances to customers.

The Group's net interest margin decreased to 4.36% in 2020 from 5.2% in 2019. The primary reason for the decrease in the Group's net interest margin in 2020 compared to 2019 was a result of the decrease in the average yields on securities.

Interest income

The following table sets out details of the Group's interest income for the periods indicated.

	Year ended 31 December				
	2020	**% of total**	**2019**	**% of total**	**Change**
	(₦ thousands, except percentages)				*(%)*
Cash and balances with banks	11,955,018	2.4	9,210,581	1.7	29.8
Loans and advances to banks	13,088,360	2.7	5,574,597	1.0	134.8
Loans and advances to customers	309,535,992	63.3	328,635,871	61.2	(5.8)
Investment securities:					
- Financial assets at FVOCI	54,950,536	11.2	69,903,209	13.0	(21.4)
- Financial assets at amortised cost	36,136,132	7.4	40,225,955	7.5	(10.2)
- Financial assets at FVPL	63,550,668	13.0	83,296,576	15.5	(23.7)
Total interest income	**489,216,706**	**100.0**	**536,846,789**	**100.0**	**(8.9)**

Total interest income decreased by ₦47,630 million, or 8.9%, to ₦489,217 million for 2020 from ₦536,847 million for 2019, primarily due to the decrease in yields on interest earning assets.

Interest income from loans and advances to customers decreased by ₦19,100 million, or 5.8%, to ₦309,536 million for 2020 from ₦328,636 million for 2019, primarily as a result of the decrease in the loan book due to reduced lending activities during the COVID-19 pandemic as well as customers utilising the Forbearance Program to temporarily reduce interest payments during the period. There were also several restructuring of existing loans to ensure they were still being serviced.

Interest income from investment securities decreased by ₦38,788 million or 20.0%, to ₦154,637 million for 2020 from ₦193,426 million for 2019, primarily as a result of low yields of money market securities in the trading environment due to declining yields and interest rates during the period.

Interest income from loans and advances to banks increased by ₦7,514 million, or 134.8%, to ₦13,088 million for 2020 from ₦5,575 million for 2019, primarily as a result of the increased lending to banks since this proved to be a safer lending alternative as banks were more stable during the COVID-19 pandemic than individual borrowers.

Interest income from cash and balances with banks increased by ₦2,744 million, or 29.8%, to ₦11,955 million for 2020 from ₦9,210.6 million for 2019, primarily as a result of the Group's increase placement of cash with banks as an alternative source of income since trade related obligations had significantly slowed down, yields on investment securities were at an all-time low and there was free cash flow for investment.

Interest expense

The following table sets out details of the Group's interest expense for the periods indicated.

	Year ended 31 December				
	2020	**% of total**	**2019**	**% of total**	**Change**
	(₦ thousands, except percentages)				*(%)*
Deposit from financial institutions	58,238,619	25.7	44,108,564	17.0	32.0
Deposit from customers	118,437,140	52.3	168,565,047	64.9	(29.7)
Debt securities issued	19,305,651	8.5	22,913,352	8.8	(15.7)
Lease liabilities	4,524,454	2.0	1,122,276	0.4	303.1
Interest-bearing borrowings and other borrowed funds	25,760,799	11.4	22,908,552	8.8	12.45
Total interest expense	**226,266,663**	**100.0**	**259,617,791**	**100.0**	**(12.85)**

Total interest expense incurred by the Group decreased by ₦33,351 million, or 12.85%, to ₦226,267 million for 2020 from ₦259,618 million for 2019. This decrease was primarily the result of a decrease in interest payments on deposits from customers, as well as a decrease in debt securities issued, which were only partially offset by increases in interest payments resulting from higher deposits from financial institutions, lease liabilities and interest-bearing borrowings and other borrowed funds.

Interest expense on deposits from customers decreased by ₦50,128 million, or 29.7%, to ₦118,437 million for 2020 from ₦168,565 million for 2019. This decrease was primarily the result of a drop in interest payments on savings accounts from customers, which resulted from the Bank's decision to reduce interest on savings accounts to 10% of the monetary policy rate from the previous 12%, as well as from the fact that the Bank's mix of deposits from customers contained higher levels of savings accounts in 2020 than in 2019. These factors more than offset a substantial increase in the overall levels of customer deposits.

Interest expense on deposits from financial institutions increased by ₦14,130 million, or 32.0%, to ₦58,239 million for 2020 from ₦44,109 million for 2019, as a result of rise in the cost of borrowing during the COVID-19 pandemic. Overall borrowings did not increase significantly.

Interest expense relating to interest-bearing borrowings and other borrowed funds increased by ₦2,852.2 million, or 12.45%, to ₦25,761 million for 2020 from ₦22,908.6 million for 2019, as a result of increase in borrowings especially foreign exchange borrowings in order to hedge the foreign exchange risk prevalent during the COVID-19 pandemic.

Interest expense relating to debt securities issued decreased by ₦3,607.7 million, or 15.7%, to ₦19,306 million for 2020 from ₦22,913 million for 2019, despite higher levels of debt securities issued. The decrease was largely driven by lower interest rates from a general decrease in market rates as a result of the COVID-19 pandemic which was partially offset by an increase in the total amount of debt securities.

Net impairment charge

The following table sets out certain information relating to the Group's impairment allowances on loans and advances and other assets for the periods indicated.

	Year ended 31 December	
	2020	2019
	(₦ thousands)	
Allowance for impairment on loans and advances to banks	(1,188,950)	(1,537,520)
Allowance for impairment on loans and advances to customers	(60,346,132)	(20,032,578)
Allowance/(write-back) on impairment on financial assets in other assets	(2,634,937)	3,200,712
(Write-back)/allowance on off-balance-sheet items	1,741,908	(1,266,048)
Allowance for impairment on money market placement	(113,411)	(91,339)
Allowance for impairment on investment securities	(341,797)	(462,619)
Allowance for impairment on pledged assets	(9,801)	—
Net impairment charge on financial assets	**(62,893,120)**	**(20,189,392)**

The Bank's net impairment charge on financial assets for 2020 increased by ₦42,704 million, or 211.5%, to ₦62,893 million from ₦20,189 million for 2019, primarily due to a more than three-fold increase in allowances for impairment on loans and advances to customers as a result of the COVID-19 pandemic.

The Group's NPLs as at 31 December 2020 decreased to ₦161,243 million, representing 4.29% of gross loans and advances, from ₦188,462 million, or 5.79%, of gross loans and advances as at 31 December 2019. This decrease was primarily due to the write off of fully provisioned loans in 2020.

Net interest income after impairment charges

As a result of the foregoing, net interest income after impairment charges decreased by ₦56,983 million, or 22.2%, to ₦200,057 million for 2020 from ₦257,040 million for 2019.

Net fee and commission income

The following table sets out certain information relating to the Group's fee and commission income and expense for the periods indicated.

	Year ended 31 December		
	2020	**2019**	**Change**
	(₦ thousands)		*(%)*
Fee and commission income	116,700,349	91,845,403	27.1
Fee and commission expense	23,126,925	17,798,050	29.9
Net fee and commission income	**93,573,424**	**74,047,353**	**26.4**

Net fee and commission income increased by ₦19,526 million, or 26.4%, to ₦93,573 million for 2020 from ₦74,047 million for 2019.

Fee and commission income

The following table shows the composition of the Group's fee and commission income for the periods indicated.

	Year ended 31 December		
	2020	**2019**	**Change**
	(₦ thousands)		*(%)*
Credit-related fees and commissions	32,535,663	26,561,530	22.5
Account maintenance charge and handling commission	15,112,706	14,006,591	7.9
Commission on bills and letters of credit	2,186,289	2,997,936	(27.0)
Commission on collections	650,733	317,824	104.7
Commission on other financial services	6,750,542	7,870,500	(14.2)
Commission on foreign-currency-denominated transactions	2,711,097	2,413,190	12.3
Channels and other E-business income	56,092,578	36,040,864	55.6
Retail account charges	660,741	1,636,968	(59.6)
Total fee and commission income	**116,700,349**	**91,845,403**	**27.1**

Total fee and commission income increased by ₦24,855 million or 27.1%, to ₦116,700 million for 2020 from ₦91,845 million for 2019, primarily as a result of increases in income from channels and other E-business and in credit-related fees and commissions, which were only partially offset by smaller decreases in some of the other fee and commission income items.

Channels and other E-business income increased by ₦20,052 million or 55.6%, to ₦56,093 million for 2020 from ₦36,041 million for 2019, mainly as a result of an increase in the usage of the Group's digital platform as a result of the COVID-19 pandemic.

Credit-related fees and commissions, increased by ₦5,974 million or 22.5%, to ₦32,536 million for 2020 from ₦26,562 million for 2019, mainly as a result of increased digital transactions fuelled by the lockdown during the pandemic. Most transactions were concluded on alternate channels.

Account maintenance charge and handling commission increased by ₦1,106 million or 7.9%, to ₦15,113 million for 2020 from ₦14,007 million for 2019, resulting mainly from an increase in account maintenance charges due to the increase in the Group's deposits from customers resulting from the full effect of the Diamond Bank Merger.

Fee and commission expense

Total fee and commission expense increased by ₦5,329 million or 29.9%, to ₦23,127 million for the year ended 31 December 2020 from ₦17,798 million for the year ended 31 December 2019, as a result of increases in expenses relating to e-banking and in bank and electronic transfer charges due to the increase in transaction volumes on the digital platform which is correlated with the increase in E-business income.

Net gains on financial instruments at fair value

Net gains on financial instruments at fair value amounted to ₦122,690 million in 2020, an increase of ₦56,587 million, or 85.6%, from ₦66,102 million in 2019. This increase was primarily the result of (a) an increase of ₦37,434 million in fair value gains on non-hedging derivatives, which consist of forward, swap and future contracts into which the Bank enters in the ordinary course of business, (b) an increase of ₦17,371 million in fair value gains on equity investments, and (c) an increase of ₦5,904 million on fair value gains on fixed-income securities as a result of the decrease in yields on securities. These increases were partially offset by a ₦6,108 million decrease in trading gains on fixed income securities, which resulted from lower volumes of trading in 2020.

Net foreign exchange loss

The following table sets out details of the Group's net foreign exchange loss for the periods indicated.

	Year ended 31 December		
	2020	**2019**	**Change**
	(₦ thousands)		*(%)*
Foreign exchange trading loss	16,790,542	-	100.00
Foreign exchange realised trading gain/(loss)	27,875,594	(64,823,168)	143.0
Unrealised foreign exchange loss on revaluation	(52,234,392)	(19,053,227)	(174.2)
Net foreign exchange loss	**(7,568,256)**	**(83,876,395)**	90.98

In 2020, the Bank realised a foreign exchange trading loss of ₦7,568 million. These movements were the result of the accelerated devaluation of the Naira in the first half of 2020 which was partially offset by derivatives entered into in the second half of 2020. In 2019, the Bank realised a foreign exchange trading loss of ₦83,876 million, which resulted from the devaluation of the Naira.

Other operating income

The following table shows details of the Group's other operating income for the periods indicated.

	Year ended 31 December		
	2020	**2019**	**Change**
	(₦ thousands)		*(%)*
Dividends on equity securities	2,319,994	3,151,485	(26.4)
Gain on disposal of property and equipment	1,987,366	594,872	234.1
Rental income	4,633	5,193	(10.8)
Bad debt recovered	34,585,475	38,389,088	(9.9)
Cash management charges	932,226	932,805	(0.1)
Income from agency and brokerage	401,871	475,587	(15.5)
Income from asset management	1,964,179	2,953,236	(33.5)
Income from other investments	1,510,836	845,403	78.7
Income from other financial services	727,582	8,462,861	(91.4)
Income from sale of investment property	40,000	—	
Valuation gain on investment property	—	25,000	(100.0)
Total other operating income	**44,474,162**	**55,835,530**	**(20.3)**

Other operating income decreased by ₦11,361 million, or 20.3%, to ₦44,474 million for 2020 from ₦55,836 million for 2019, mainly as a result of a decrease in income from other financial services, lower levels of bad debt recovered and a decrease in income from asset management as a result of a decrease in yield. Income from other financial services decreased by ₦7,735 million, or 91.4%, to ₦728 million in 2020 from ₦8,463 million in 2019, as a result of an increase in advisory services provided by the Group. Recoveries of bad debt in 2020 amounted to ₦34,585 million, a decrease of ₦3,804, or 9.9%, from ₦38,389 million in 2019, largely because of the impact of the COVID-19 pandemic on the Nigerian economy. Income from asset management decreased by ₦989 million, or 33.5%, to ₦1,964 million in 2020 from ₦2,953 million in 2019.

Personnel expenses

The following table sets out details of the Group's personnel expenses for the periods indicated.

	Year ended 31 December		
	2020	2019	Change
	(₦ thousands)		(percentage)
Wages and salaries	68,950,948	73,155,267	(5.7)
Increase in defined benefit obligation	782,313	600,060	30.4
Contributions to defined contribution plans	2,387,216	2,188,696	9.1
Restricted share performance plan[(1)]	1,052,699	1,020,115	3.2
Total personnel expenses	**73,173,176**	**76,964,138**	**(4.9)**

(1) Under the Restricted Share Performance Plan ("**RSPP**"), shares of the Bank are awarded to employees based on their performance at no cost to them. Under the terms of the plan, the shares vest over a three-year period from the date of award. The scheme applies only to employees of the Bank that meet the stipulated performance criteria irrespective of where they work within the Group. Some members of the Group also have a similar scheme, with shares vesting over a period of seven years. The RSPP is an equity-settled scheme, where the Group recognises an expense and a corresponding increase in equity. Initial estimates of the number of equity-settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity-settled instruments that vest unless differences are due to market conditions. By the resolution of the Board and Shareholders, the Group sets aside an amount not exceeding twenty (20)% of the aggregate emoluments of the Group's employees in each financial year to purchase shares of the Group from the floor of the NGX for the purpose of the plan. The Group has also established a Structured Entity ("**SE**") to hold shares of the Bank purchased. Upon vesting, the SE transfers the shares to the employee whose interest has vested. The SE is consolidated in the Financial Statements. See Note 14 to the 2020 Financial Statements for more details regarding the shares allocated to staff.

Total personnel expenses decreased by ₦3,791 million, or 4.9%, to ₦73,173 million for 2020 from ₦76,964 million for 2019, primarily as a result of a decrease in wages and salaries resulting from lower bonus payments to staff.

Depreciation

Depreciation increased by ₦6,382 million, or 30.1%, to ₦27,615 million for 2020 from ₦21,233 million for 2019, as a result of increases in depreciation for leasehold improvement and buildings, computer hardware, furniture and fittings, and motor vehicles, all relating to assets that were acquired as part of the business combination with Diamond Bank in March 2019.

Amortisation

Amortisation increased by ₦1,986 million, or 25.0%, to ₦9,913 million for 2020 from ₦7,928 million for 2019, as a result of increases in amortisation for purchased software, core deposit intangibles related to purchase price allocation of goodwill as a result of the merger with Diamond Bank, customer relationship and brand.

Other operating expenses

The following table sets out details with respect to the Group's other operating expenses for the periods indicated.

	Year ended 31 December				
	2020	% of total	2019	% of total	Change
	(₦ thousands)				(%)
Premises and equipment costs	15,584,830	7.2	13,362,597	8.8	16.6
Professional fees	9,246,562	4.3	6,593,943	4.4	40.2
Insurance	1,093,099	0.5	1,178,801	0.8	(7.3)
Business travel expenses	7,148,515	3.3	10,497,508	6.9	(31.9)
AMCON surcharge[(1)]	35,435,426	16.4	22,664,874	15.0	56.3
Bank charges	8,652,574	4.0	5,943,323	3.9	
Deposit insurance premium	15,483,399	7.2	13,091,170	8.7	18.3
Auditor's remuneration	1,017,383	0.5	819,940	0.5	24.1
Administrative expenses	15,532,919	7.2	11,387,154	7.5	36.4
Merger expense	-	-	6,589,718	4.4	
Board expenses	1,101,914	0.5	1,063,681	0.7	3.6
Communication expenses	7,528,371	3.5	3,326,899	2.2	126.3
IT and e-business expenses	18,739,108	8.7	9,772,169	6.5	91.8
Outsourcing costs	25,070,011	11.6	16,668,063	11.0	50.4
Advertisements and marketing expenses	11,323,254	5.2	6,273,743	4.2	80.5
Recruitment and training	5,015,579	2.3	2,207,379	1.5	127.2

	Year ended 31 December				
	2020	% of total	2019	% of total	Change
	(₦ thousands)				(%)
Events, charities and sponsorship	8,780,654	4.1	5,688,399	3.8	54.4
Periodicals and subscriptions	567,422	0.3	722,989	0.5	(21.5)
Security expenses	7,872,464	3.6	4,295,939	2.8	83.3
Loss on disposal of non-current asset held for sale	-	-	198,850	0.1	(100.0)
Loss on disposal of investment property	-	-	153,946	0.1	(100.0)
Loss on lease modification	-	-	63,329	0.0	(100.0)
Cash processing and management cost	9,935,636	4.6	3,656,564	2.4	171.7
Stationaries, postage and printing	5,890,667	2.7	1,937,080	1.3	204.1
Office provisions and entertainment	2,455,287	1.1	720,634	0.5	240.7
Rent expenses	2,331,832	1.1	2,219,415	1.5	5
Total other operating expenses	**215,806,906**	**100.0**	**151,098,114**	**100.0**	**42.8**

(1) The Asset Management Corporation of Nigeria ("AMCON") surcharge represents the Group's contribution to AMCON's sinking fund. Each Nigerian bank is required to contribute 0.5% of its total assets as at the preceding year-end to AMCON's sinking fund in line with existing guidelines. The contribution to AMCON is a levy on all deposit money banks in Nigeria. It is non-refundable and does not represent any ownership interest nor does it confer any rights or obligations (save to pay the levy) on the contributor.

The Group's other operating expenses increased by ₦64,708,796 million, or 42.8%, to ₦215,807 million for 2020 from ₦151,098 million for 2019, primarily as a result of increases in the AMCON surcharge, IT and e-business expenses, outsourcing costs, advertisements and marketing expenses, cash processing and management costs, and a number of other items, which were only partially offset by decreases in merger expense and business travel expenses.

The AMCON surcharge increased by ₦12,771 million, or 56.3%, to ₦35,435 million for 2020 from ₦22,665 million for 2019, as a result of the increase in balance sheet size.

Outsourcing costs and advertisements and marketing expenses also increased, by ₦8,402 million (50.4%) and ₦5,049.5 million (80.5%), also as a result of the growth of the Bank's business using alternative platforms for internet banking, mobile banking and other online services.

IT and e-business expenses increased by ₦8,967 million, or 91.8%, to ₦18,739 million for 2020 from ₦9,772 million for 2019, as a result of the continued growth of the Bank's e-business and related IT requirements as part of the Group's digital strategy and the Diamond Bank merger.

Income tax expense

Income tax expense for 2020 increased to ₦19,912 million from ₦17,869 million for 2019 as a result of an increase in profit before tax. The Group's effective income tax rate in 2020 remained at 16%, the same as in 2019.

Year ended 31 December 2019 compared to year ended 31 December 2018

Net interest income

The following table sets out certain information relating to the Group's net interest income for the periods indicated.

	Year ended 31 December		
	2019	2018	Change
	(₦ thousands)		(%)
Interest income calculated using effective interest rate	453,550,213	360,307,616	25.9
Interest income on financial assets at FVTPL	83,296,576	20,607,306	304.2
Interest expense	(259,617,791)	(207,336,760)	25.2
Net interest income	**277,228,998**	**173,578,162**	**59.7**

Net interest income increased by ₦103,651 million or 59.7%, from ₦173,578.2 million for 2018, to ₦277,229 million for 2019. This increase was primarily due to an increase in the volume of investment securities in and the increase in total loans and advances to customers in 2019 as a result of the Diamond Bank Merger, which was only partially offset by the increase in interest expense driven by an increase in yields on securities which increased rates on deposits in addition to an increase in the volume of deposits from customers as a result of the Diamond Bank Merger.

The Group's net interest margin (defined as the Group's net interest income divided by the average balance of the Group's total interest-earning assets during the applicable period) increased to 5.32% in 2019 from 5.05% in 2018. The primary reason for the increase in the Group's net interest margin in 2019 compared to 2018 was the increase in average interest earning assets in 2019.

Interest income

The following table sets out details of the Group's interest income for the periods indicated.

	Year ended 31 December				
	2019	**% of total**	**2018**	**% of total**	**Change**
	(₦ thousands, except percentages)				*(%)*
Cash and balances with banks...............	9,210,581	1.7	15,029,042	3.9	(38.7)
Loans and advances to banks	5,574,597	1.0	2,233,049	0.6	150.0
Loans and advances to customers..........	328,635,871	61.2	259,837,000	68.2	26.5
Investment securities:		-		-	
- Financial assets at FVOCI..................	69,903,209	13.0	59,208,544	15.5	18.1
- Financial assets at amortised cost........	40,225,955	7.5	23,999,981	6.3	67.6
- Financial assets at FVPL....................	83,296,576	15.5	20,607,306	5.4	304.2
Total interest income..........................	**536,846,789**	**100.0**	**380,914,922**	**100.0**	**41.0**

Total interest income increased by ₦155,932 million, or 41.0%, to ₦536,847 million for 2019 from ₦380,915 million for 2018, primarily due to an increase in income from investment securities and loans and advances to banks.

Interest income from loans and advances to customers increased by ₦68,799 million, or 26.5%, to ₦328,636 million for 2019 from ₦259,837 million for 2018, primarily due to higher levels of loans and advances as a result of the effect of the Diamond Bank Merger.

Interest income from investment securities increased by ₦89,610 million, or 86.3%, to ₦193,425.7 million for 2019 from ₦103,815.8 million for 2018, primarily due to the growth in the Group's volume of investment securities.

Interest income from cash and balances with banks decreased by ₦5,818 million, or 38.7%, to ₦9,211 million for 2019 from ₦2,233 million for 2018. This was due to the fact that the Bank used more of its cash in its lending business, as loans and advances to customers increased and interbank placement reduced.

Interest income from loans and advances to banks increased by ₦3,342 million, or 150.0%, to ₦5,575 million for 2019 from ₦2,233 million for 2018, primarily due to higher levels of loans and advances as a result of the effect of the Diamond Bank Merger.

Interest expense

The following table sets out details of the Group's interest expense for the periods indicated.

	Year ended 31 December				
	2019	**% of total**	**2018**	**% of total**	**Change**
	(₦ thousands, except percentages)				*(%)*
Deposits from financial institutions.......	44,108,564	17.0	39,104,528	18.9	40.94
Deposits from customers.......................	168,565,047	64.9	125,109,214	60.3	34.73
Debt securities issued............................	22,913,352	8.8	32,378,560	15.6	(29.23)
Lease liabilities	1,122,276	0.4	-	-	-
Interest-bearing borrowings and other borrowed funds.................................	22,908,552	8.8	10,744,458	5.2	113.21
Total interest expense	**259,617,791**	**100.0**	**207,336,760**	**100.0**	**25.22**

Total interest expense incurred by the Group increased by ₦52,281 million, or 25.22%, to ₦259,618 million for 2019 from ₦207,337 million for 2018, primarily as a result of growth in deposit volumes as a result of the successful implementation of the Bank's deposit growth strategy and increases in trade-related transactions and borrowings, partially offset by a decrease in debt securities issued due to the repayment of a maturing Eurobond.

Interest expense on deposits from customers increased by ₦43,456 million, or 34.73%, to ₦168,565 million for 2019 from ₦125,109 million for 2018, as a result of increased deposits resulting from the Diamond Bank Merger and the general continued growth of the Bank's business.

Interest expense on deposits from financial institutions increased by ₦5,004 million, or 12.80%, to ₦44,109 million for 2019 from ₦39,105 million for 2018, as a result of higher levels of deposits.

Interest expense on interest-bearing borrowings and other borrowed funds increased by ₦12,164 million, or 113.2%, to ₦22,909 million for 2019 from ₦10,744.5 million for 2018 as a result of an increase in borrowings as a result of the Diamond Bank Merger in 2019.

Interest expense on debt securities issued decreased by ₦9465 million, or 29.2%, to ₦22,913 million for 2019 from ₦32,378.6 million for 2018 as a result of the US$400 million subordinated notes in 2019, which was partially offset by interest associated with debt securities acquired in the Diamond Bank Merger.

Net impairment charge

The following table sets out certain information relating to the Group's impairment allowances on loans and advances and other assets for the periods indicated.

	Year ended 31 December	
	2019	2018
	(₦ thousands)	
Allowance for impairment on loans and advances to banks	(1,537,520)	(23,521)
Allowance for impairment on loans and advances to customers	(20,032,578)	(14,160,142)
Allowance/(write-back) on impairment on financial assets in other assets	3,200,712	72,368
(Write-back)/allowance on off-balance-sheet items	(1,266,048)	(445,631)
Allowance for impairment on money market placement	(91,339)	(8,402)
(Allowance)/write-back of impairment on investment securities	(462,619)	53,341
Allowance for impairment on pledged assets	-	-
Net impairment charge on financial assets	**(20,189,392)**	**(14,656,723)**

The Bank's net impairment charge on financial assets for 2019 increased by ₦5,532.7 million, or 37.7%, to ₦20,189 million from ₦14,657 million for 2018, primarily due to an increase in allowances for impairment on loans and advances to customers, which was primarily the result of higher levels of loans and advances to customers in 2019. In 2019, the Bank recovered long outstanding TSA funds and had to reserve provisions with respect to these funds.

The Group's NPLs as at 31 December 2019 increased to ₦188,462 million, representing 5.79% of gross loans and advances, from ₦55,450 million, or 2.49%, of gross loans and advances as at 31 December 2018. This increase was primarily due to mainly as a result of the Diamond Bank Merger in 2019.

Net interest income after impairment charges

As a result of the foregoing, net interest income after impairment charges increased by ₦98,118 million, or 61.7%, to ₦257,040 million for 2019 from ₦158,921 million for 2018.

Net fee and commission income

The following table sets out certain information relating to the Group's net fee and commission income for the periods indicated.

	Year ended 31 December		
	2019	2018	Change
	(₦ thousands)		*(%)*
Fee and commission income	91,845,403	62,095,546	47.9
Fee and commission expense	(17,798,050)	(9,600,893)	85.4
Net fee and commission income	**74,047,353**	**52,494,653**	**41.1**

Net fee and commission income increased by ₦21,553 million, or 41.1%, to ₦74,047 million for 2019 from ₦52,495 million for 2018.

Fee and commission income

The following table shows the composition of fee and commission income for the periods indicated.

	Year ended 31 December		
	2019	2018	Change
	(₦ thousands)		(%)
Credit-related fees and commissions	26,561,530	31,688,763	(16.2)
Account maintenance charge and handling commission	14,006,591	6,426,482	118.0
Commission on bills and letters of credit	2,997,936	2,248,154	33.4
Commission on collections	317,824	264,553	20.1
Commission on other financial services	7,870,500	4,755,157	65.5
Commission on foreign-currency-denominated transactions	2,413,190	2,403,635	0.4
Channels and other E-business income	36,040,864	14,164,414	154.4
Retail account charges	1,636,968	144,388	1033.7
Total fee and commission income	**91,845,403**	**62,095,546**	**47.9**

Total fee and commission income increased by ₦29,750 million, or 47.9%, to ₦91,845 million for 2019 from ₦62,096 million for 2018, primarily as a result of increases in income from channels and other E-business and in account maintenance charges and handling commissions, which were only partially offset by a smaller decrease in credit-related fees and commissions.

Channels and other E-business income, which includes income from electronic channels, card products and related services, increased by ₦21,876 million, or 154.4%, to ₦36,041 million for 2019 from ₦14,164 million for 2018, as a result of increased transaction volume due to the Diamond Bank Merger in 2019.

Credit-related fees and commissions decreased by ₦5,127 million, or 16.2%, to ₦26,562 million for 2019 from ₦31,689 for 2018, mainly as a result of the decrease in lending as a result of the Diamond Bank Merger in 2019.

Account maintenance charges and handling commissions increased by ₦7,580 million, or 118.0%, to ₦14,007 million for 2019 from ₦6,426.5 million for 2018, as a result of an increase in customer transaction volumes.

Fee and commission expense

Total fee and commission expense increased by ₦8,197.157 million or 85.4%, to ₦17,798 million for 2019 from ₦9,601 million for 2018, primarily as a result of an increase in expenses relating to E-banking and, to a lesser extent, an increase in bank and electronic transfer transaction volumes.

Net gains on financial instruments

Net gains on financial instruments decreased by ₦30,222.1 million, or 31.38%, to ₦66,102.3 million for 2019 from ₦96,324 million for 2018. This decrease was the result of lower fair value gains on equity investments in 2019 than in 2018 and lower gains on derivative instruments, which were only partially offset by higher trading gains on fixed-income securities and a gain on disposal of an investment in 2019 (which did not occur in 2018). The gain on the disposal of investment securities was related to the sale of MTN shares.

***Net foreign exchange income/*(*loss*)

The following table sets out details of the Group's net foreign exchange income for the periods indicated.

	Year ended 31 December		
	2019	2018	Change
	(₦ thousands)		(%)
Foreign exchange trading income/(loss) (net)	(64,823,168)	15,727,261	(512.2)
Unrealised foreign exchange loss valuation	(19,053,227)	(39,496,188)	(51.8)
Net foreign exchange income/(loss)	**(83,876,395)**	**(23,768,927)**	**(252.9)**

In 2019, the Bank realised a net foreign exchange loss of ₦83,876 million, which arose mostly as a result of a foreign exchange trading loss of ₦64,823 million, which resulted from the unwinding of the derivative gains as these transactions were settled. In 2018, the Bank realised a net foreign exchange loss of ₦23,769 million, which consisted of an unrealised foreign exchange loss valuation of ₦39,496 million, which was partially offset by a foreign exchange trading income of ₦15,727 million.

Other operating income

The following table shows the composition of other operating income for the periods indicated.

	Year ended 31 December		
	2019	**2018**	**Change**
	(₦ thousands)		*(%)*
Dividends on equity securities	3,151,485	2,747,925	14.7
Gain on disposal of property and equipment	594,872	81,797	627.3
Rental income	5,193	21,357	(75.7)
Bad debt recovered	38,389,088	2,191,390	1651.8
Cash management charges	932,805	249,891	273.3
Income from agency and brokerage	475,587	385,385	23.4
Income from asset management	2,953,236	2,452,936	20.4
Income from other investments	845,403	815,425	3.7
Income from other financial services	8,462,861	4,232,582	99.9
Valuation gain on investment property	25,000	-	-
Total other operating income	**55,835,530**	**13,178,688**	**323.7**

Other operating income increased by ₦42,657 million, or 323.7%, to ₦55,836 million for 2019, from ₦13,179 for 2018, mainly due to a ₦36,198 million increase in bad debt recovered in 2019, which was the result of an increase in recoveries on NPL charges relating to the merger with Diamond Bank in 2019, as well as an increase in income from other financial services due to an increase in financial services transactions.

Personnel expenses

The following table sets out details of the Group's personnel expenses for the periods indicated.

	Year ended 31 December		
	2019	**2018**	**Change**
	(₦ thousands)		*(%)*
Wages and salaries	73,155,267	54,209,260	34.9
Increase in liability for long-term incentive plan	600,060	621,593	(3.5)
Contributions to defined contribution plans	2,188,696	1,477,026	48.2
Restricted Share Performance Plan[(i)]	1,020,115	836,160	22.0
Total personnel expenses	**76,964,138**	**57,144,039**	**34.7**

(1) Under the Restricted Share Performance Plan ("**RSPP**"), shares of the Bank are awarded to employees based on their performance at no cost to them. Under the terms of the plan, the shares vest over a three-year period from the date of award. The scheme applies only to employees of the Bank that meet the stipulated performance criteria irrespective of where they work within the Group. Some members of the Group also have a similar scheme, with shares vesting over a period of seven years. The RSPP is an equity-settled scheme, where the Group recognises an expense and a corresponding increase in equity. Initial estimates of the number of equity-settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity-settled instruments that vest unless differences are due to market conditions. By the resolution of the Board and Shareholders, the Group sets aside an amount not exceeding twenty (20)% of the aggregate emoluments of the Group's employees in each financial year to purchase shares of the Group from the floor of the NGX for the purpose of the plan. The Group has also established a Structured Entity ("**SE**") to hold shares of the Bank purchased. Upon vesting, the SE transfers the shares to the employee whose interest has vested. The SE is consolidated in the Financial Statements. See Note 14 to the 2019 Financial Statements for more details regarding the shares allocated to staff.

Total personnel expenses increased by ₦19,820 million, or 34.7%, to ₦76,964 million for 2019 from ₦57,144 million for 2018, primarily as a result of an increase in wages and salaries that was due to an increase in the number of employees due to the merger and the promotion of several high performing employees to senior management positions in line with the Group's strategy.

Rent expenses

The Group incurred rent expenses in 2018 of ₦4,334 million, which related to rent expenses for the Group's branches. Rent expenses were reclassified to other operating expenses in 2019 as a result of the implementation of IFRS 16.

Depreciation

Depreciation increased by ₦7,698 million, or 56.9%, to ₦21,233 million for 2019 from ₦13,535 million for 2018. This increase was primarily due to increases in depreciation in leasehold improvements and buildings, computer hardware, furniture and fittings, and motor vehicles, which were the result of the acquisition of more depreciable assets from the Diamond Bank Merger.

Amortisation and impairment

Amortisation and impairment increased by ₦5,129 million, or 183.22%, to ₦7,928 million for 2019 from ₦2,799 million for 2018. This increase was primarily due to the increase in intangibles from the Diamond Bank Merger which are amortised.

Other operating expenses

The following table sets out details with respect to the Group's other operating expenses for the periods indicated.

	Year ended 31 December				
	2019	**% of total**	**2018**	**% of total**	**Change**
	(₦ thousands except percentages)				*(%)*
Premises and equipment costs................	13,362,597	8.8	9,532,943	8.2	40.2
Professional fees	6,593,943	4.4	4,236,696	3.6	55.6
Insurance..	1,178,801	0.8	1,245,924	1.1	(5.4)
Business travel expenses	10,497,508	6.9	6,879,188	5.9	52.6
AMCON surcharge[(1)]	22,664,874	15.0	20,035,484	17.2	13.1
Bank charges..	5,943,323	3.9	1,454,543	1.3	
Deposit insurance premium....................	13,091,170	8.7	7,848,190	6.8	66.8
Auditor's remuneration...........................	819,940	0.5	612,978	0.5	33.8
Administrative expenses.........................	11,387,154	7.5	20,289,826	17.5	(43.9)
Merger expense......................................	6,589,718	4.4	-	0.0	-
Board expenses	1,063,681	0.7	1,175,100	1.0	(9.5)
Communication expenses.......................	3,326,899	2.2	3,130,746	2.7	6.3
IT and e-business expenses	9,772,169	6.5	11,398,826	9.8	(14.3)
Outsourcing costs...................................	16,668,063	11.0	8,685,836	7.5	91.9
Advertisements and marketing expenses	6,273,743	4.2	4,861,978	4.2	29.0
Recruitment and training........................	2,207,379	1.5	2,502,933	2.2	(11.8)
Events, charities and sponsorship...........	5,688,399	3.8	4,679,921	4.0	21.5
Periodicals and subscriptions	722,989	0.5	702,584	0.6	2.9
Security expenses...................................	4,295,939	2.8	2,817,740	2.4	52.5
Loss on disposal of non-current asset held for sale	198,850	0.1	-	0.0	-
Loss on disposal of investment property	153,946	0.1	-	0.0	-
Loss on lease modification.....................	63,329	0.0	-	0.0	-
Cash processing and management cost...	3,656,564	2.4	2,295,077	2.0	59.3
Stationaries, postage and printing...........	1,937,080	1.3	1,201,748	1.0	61.2
Office provisions and entertainment.......	720,634	0.5	561,230	0.5	28.4
Rent expenses...	2,219,415	1.5	-	0.0	-
Total other operating expenses............	**151,098,114**	**100.0**	**116,149,491**	**100.0**	**30.0**

(1) The AMCON surcharge represents the Group's contribution to AMCON's sinking fund. Each Nigerian bank is required to contribute 0.5% of its total assets as at the preceding year-end to AMCON's sinking fund in line with existing guidelines. The contribution to AMCON is a levy on all deposit money banks in Nigeria. It is non-refundable and does not represent any ownership interest nor does it confer any rights or obligations (save to pay the levy) on the contributor.

The Group's other operating expenses increased by ₦34,949 million, or 30.0%, to ₦151,098 million for 2019 from ₦116,149 million for 2018, primarily as a result of increases in outsourcing costs, merger expense, deposit insurance premium, bank charges and a number of other items, which were only partially offset by decreases in administrative expenses and IT and e-business expenses.

The AMCON surcharge increased by ₦2,629 million, or 13.1%, to ₦22,665 million for 2019 from ₦20,035 million for 2018, as a result of the increase in the balance sheet. Outsourcing costs increased by ₦7,982 million, or 91.9%, to ₦16,668 million for 2019 from ₦8,686 million for 2018 as a result of an increase in outsourcing agents from the Diamond Bank Merger. Merger expense amounted to ₦6,590 million in 2019, relating to the Diamond Bank Merger; the Bank did not incur any merger expense in 2018. Deposit insurance premium expenses increased by ₦5,243 million, or 66.8%, to ₦13,091 million for 2019 from ₦7,848 million for 2018 as a result of the growth in deposits.

Bank charges increased more than three-fold, by ₦4,489 million, to ₦5,943 million for 2019 from ₦1,455 million for 2018 as a result of the increased branch network brought about by the Diamond Bank Merger which translates to more cash transactions by the larger branch network. The increase in cash from branches also implies that excess cash is to be evacuated to the CBN which comes at a cost hence the increase recorded under Bank charges. Business travel expenses increased by ₦3,618 million, or 52.6%, to ₦10,498 million for 2019 from ₦6,879 million for 2018, as a result of more travels in 2019. Other premises and equipment costs increased by ₦3,830 million, or 40.2%, to ₦13,363 million for 2019 from ₦9,533 million for 2018 as a result of the cost of the maintenance of premise and equipment.

These increases were partially offset by (a) a decrease in administrative expenses by ₦8,903 million, or 43.9%, to ₦11,387 million for 2019 from ₦20,290 million for 2018, as a result of the increased branch network brought about by the Diamond Bank Merger which translates to more cash transactions by the larger branch network. The increase in cash from branches also implies that excess cash is to be evacuated to the CBN which comes at a cost hence the increase recorded under Bank charges and (b) a decrease in IT and e-business expenses by ₦1,627 million, or 14.3%, to ₦9,772 million for 2019 from ₦11,399 million for 2018, which was largely due to the renegotiation done by the Group riding on the Diamond Bank Merger to seek for reduced service cost for existing contracts as an economy of scale advantage.

Income tax expense

Income tax expense for 2019 increased by ₦9,662 million, or 117.7%, to ₦17,869 million from ₦8,207 million for 2018 as a result of the higher profit for the year. The Group's effective income tax rate in 2019 was 16%, compared to 7% in 2018. The Group's unrealized foreign exchange loss grew from 2018 to 2019, which implies an increased deferred tax liability and in turn translates to an increased tax charge which is directly proportional to the movement in the deferred tax liability. The Group's profit also grew by 11% between 2018 and 2019.

Financial condition as at 30 June 2021 and 31 December 2020, 2019 and 2018

Total assets

The following table presents data regarding the Group's assets as at the dates indicated.

	As at 30 June	
	2021	**% of total**
	(₦ thousands, except percentages)	
Cash and balances with banks	1,364,570,882	13.6
Investment under management	31,611,718	0.3
Non-pledged trading assets	137,974,558	1.4
Derivative financial assets	187,122,508	1.9
Loans and advances to banks	408,021,137	4.1
Loans and advances to customers	3,582,947,324	35.6
Pledged assets	256,796,084	2.6
Investment securities	2,039,757,026	20.3
Investment properties	217,000	0.0
Restricted deposit and other assets	1,692,368,174	16.8
Investment in associates	2,496,604	0.0
Property and equipment	242,196,605	2.4
Intangible assets	68,381,568	0.7
Deferred tax assets	5,338,759	0.1
	10,019,799,947	99.7
Assets classified as held for sale	35,050,303	0.3
Total assets	**10,054,850,250**	**100**

	As at 31 December					
	2020	**% of total**	**2019**	**% of total**	**2018**	**% of total**
	(₦ thousands, except percentages)					
Cash and balances with banks	723,872,820	8.3	723,064,003	10.1	740,926,362	15.0
Investment under management	30,451,466	0.4	28,291,959	0.4	23,839,394	0.5
Non-pledged trading assets	207,951,943	2.4	129,819,239	1.8	38,817,147	0.8
Derivative financial assets	251,112,745	2.9	143,520,553	2.0	128,440,342	2.6
Loans and advances to banks	392,821,307	4.5	152,825,081	2.1	142,489,543	2.9

	As at 31 December					
	2020	% of total	2019	% of total	2018	% of total
	(₦ thousands, except percentages)					
Loans and advances to customers	3,218,107,027	37.1	2,911,579,708	40.8	1,993,606,233	40.2
Pledged assets	228,545,535	2.6	605,555,891	8.5	554,052,956	11.2
Investment securities	1,749,549,145	20.2	1,084,604,187	15.2	501,072,480	10.1
Investment properties	217,000	0.0	927,000	0.0	-	-
Restricted deposit and other assets	1,548,891,262	17.8	1,055,510,452	14.8	704,326,780	14.2
Property and equipment	226,478,704	2.6	211,214,241	3.0	103,668,719	2.1
Intangible assets	69,189,845	0.8	62,479,692	0.9	9,752,498	0.2
Deferred tax assets	4,240,448	0.1	8,807,563	0.1	922,660	0.02
	8,651,429,247	99.7	7,118,199,569	99.7	4,941,915,114	99.8
Assets classified as held for sale	28,318,467	0.3	24,957,519	0.3	12,241,824	0.2
Total assets	**8,679,747,714**	**100.0**	**7,143,157,088**	**100.0**	**4,954,156,938**	**100.0**

The Group's total assets increased to ₦10,054,850 million as at 30 June 2021 from ₦8,679,748 million as at 31 December 2020, ₦7,143,157 million as at 31 December 2019 and ₦4,954,157 million as at 31 December 2018. This increase was largely due to increases in loans and advances to customers, in investment securities and in restricted deposits (related to CBN CRR and special intervention reserve) and other assets, which increased as a result of the growth of the Bank's business.

Cash and balances with banks

The following table sets out details of the Group's cash and cash equivalents as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
			(₦ thousands)	
Cash on hand and balances with banks	1,001,281,643	536,708,368	457,085,624	414,228,673
Unrestricted balances with central banks	93,764,198	51,127,105	117,883,814	29,366,693
Money market placements	159,334,311	89,783,183	48,838,459	220,309,727
Other deposits with central banks	110,570,581	46,459,022	99,347,553	77,024,474
Total cash and balances with banks	**1,364,570,882**	**724,077,678**	**723,155,450**	**740,929,567**

The Group's cash and balances with banks, which includes cash on hand and balances with banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, amounted to ₦1,364,571 million as at 30 June 2021 compared to ₦724,078 million as at 31 December 2020, ₦723,155 million as at 31 December 2019 and ₦740,930 million as at 31 December 2018. Levels of cash on hand and balances with banks have generally increased from 31 December 2018 to 31 December 2020 as the Bank's customer deposits have grown. They increased significantly from 31 December 2020 to 30 June 2021 as a result of increased customer transactions on cash terminals and other over the counter transactions. The Bank's other uses of cash tend to fluctuate from period to period, as the Bank chooses to deploy its cash in various instruments, depending on the short-term outlook of each particular instrument as the balances with deposits with central banks represents the value of outstanding forward contracts entered into on behalf of customers so is correlated with cash on hand and balances with other banks.

Non-pledged trading assets

The following table sets out details of the Group's non-pledged trading assets as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
			(₦ thousands)	
Government bonds	76,342,322	91,841,202	40,021,277	292,684
Eurobonds	30,111	74,615	-	-
Treasury bills	61,602,125	116,036,126	89,797,962	38,465,116
Equity securities	-	-	-	59,347
Total non-pledged trading assets	**137,974,558**	**207,951,943**	**129,819,239**	**38,817,147**

Non-pledged trading assets decreased to ₦137,974 million as at 30 June 2021 from ₦207,952 million as at 31 December 2020, ₦129,819 million as at 31 December 2019 and ₦38,817 million as at 31 December 2018. The increase from 2018 and 2020 in non-pledged trading assets is largely the result of the general growth of the Group's business from 2018 to 2020. Over this period, the Bank has shifted some of its non-pledged trading assets from government bonds to treasury bills driven by the increase in investment in the Group's treasury bill portfolio which have greater yields. Non-pledged trading assets decreased from 31 December 2020 to 30 June 2021 primarily as a result of increased trading activities to reduce its exposure in the money markets during the COVID-19 pandemic.

Derivative financial instruments

Instruments used by the Group to manage its exposure to foreign currency risks include forward, swap and future contracts. The Group holds these contracts at fair value and for day-to-day cash management, rather than for trading purposes. The contracts generally have settlement dates of between 30 days and one year. Derivative financial instruments amounted to ₦187,123 million as at 30 June 2021, ₦251,113 million as at 31 December 2020, ₦143,521 million as at 31 December 2019 and ₦128,440 million as at 31 December 2018. The increases as of these dates were largely attributable to foreign exchange derivatives settled on a gross basis with the increases driven by balance sheet size.

Loans and advances to banks

The following table sets out details of the Group's loans and advances to banks as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
			(₦ thousands)	
Loans and advances to banks	409,295,914	393,473,191	154,450,204	142,569,748
Less allowances for impairment	(1,274,777)	(651,884)	(1,625,123)	(80,205)
Total loans and advances to banks	**408,021,137**	**392,821,307**	**152,825,081**	**142,489,543**

The increase in loans and advances to banks from 31 December 2018 to 30 June 2021 was due to the general growth of the lending business of the Bank.

Loans and advances to customers

The following table sets out details of the Group's loans and advances to customers as at the dates indicated.

	As at 30 June 2021		
	Gross Amount	Allowance for expected credit loss	Net Amount
		(₦ thousands)	
Individuals	300,841,848	(13,030,432)	287,811,416
Corporate entities and other organisations	3,404,441,130	(109,305,223)	3,295,135,907
Total	**3,705,282,978**	**(122,335,655)**	**3,582,947,323**

	As at 31 December 2020			As at 31 December 2019			As at 31 December 2018		
	Gross Amount	Allowance for expected credit loss	Net Amount	Gross Amount	Impairment Allowance	Net Amount	Gross Amount	Impairment Allowance	Net Amount
					(₦ thousands)				
Individuals	209,303,977	(4,012,055)	205,291,922	209,845,973	(5,176,485)	204,669,488	131,352,359	(5,674,532)	125,677,827
Corporate entities and other organisations	3,157,857,287	(145,042,183)	3,012,815,104	2,893,124,473	(186,214,253)	2,706,910,220	1,950,418,668	(82,490,262)	1,867,928,406
Total	**3,367,161,264**	**(149,054,238)**	**3,218,107,026**	**3,102,970,447**	**(191,390,738)**	**2,911,579,708**	**2,081,771,029**	**(88,164,794)**	**(1,993,606,233)**

Loans to customers are the most significant component of the Group's total assets. Loans and advances to customers increased to ₦3,705,282 million as at 30 June 2021 from ₦3,218,107 million as at 31 December 2020, ₦2,911,580 million as at 31 December 2019 and ₦1,993,606 million as at 31 December 2018. The Group acquired ₦510,828 million of loans and advances to customers from the Diamond Bank Merger in 2019 which was partially responsible for the increase from 2018 to 2019.

Loans and advances to corporate entities and other organisations constituted 91.9%, 93.78%, 93.0% and 93.7% of the Group's loan portfolio as at 30 June 2021, 31 December 2020, 31 December 2019 and 31 December 2018, respectively, reflecting the Group's focus on corporate clients (both institutional and commercial), which Management believes are the primary engine of growth sectors of the Nigerian economy. Retail and small commercial banking customers typically have less financial strength than large companies and are therefore more susceptible to negative economic developments. Accordingly, the Group has significantly increased its lending to large companies in key sectors and government institutions through the on-lending programmes available to commercial banks, which Management believes generates lower risk and require less provisions and collateral. Loans to individuals consist primarily of mortgage loans and personal loans, as well as auto loans, term loans and credit card debt. Loans to corporate entities and other organizations consist largely of term loans and, to a lesser extent, overdrafts.

The following table set out the undiscounted cash flows on the Group's loans and advances to customers on the basis of their earliest possible contractual maturity as at 30 June 2021 and 31 December 2020, 2019 and 2018. The figures shown in the table are the gross nominal cash inflow, which is the contractual, undiscounted cash flow on the Group's loans and advances to customers.

	As at 30 June	
	2021	**% of total**
	(₦ thousands, except percentages)	
Less than 3 months	510,680,821	13.19%
3 months to 6 months	267,080,002	6.90%
6 months to 1 year	403,809,355	10.43%
1 year to 5 years	1,909,707,997	49.31%
More than 5 years	781,798,617	20.19%
Total	**3,873,076,791**	**100%**

	As at 31 December					
	2020	**% of total**	**2019**	**% of total**	**2018**	**% of total**
	(₦ thousands, except percentages)					
Less than 3 months	500,557,625	13.20%	719,041,117	23.17%	372,771,292	17.91%
3 months to 6 months	251,980,161	6.64%	419,262,768	13.51%	186,551,977	8.96%
6 months to 1 year	392,495,993	10.35%	390,438,807	12.58%	411,736,723	19.78%
1 year to 5 years	1,885,587,299	49.71%	853,830,181	27.52%	752,897,175	36.17%
More than 5 years	762,685,588	20.11%	720,397,572	23.22%	357,813,861	17.19%
Total	**3,793,306,666**	**100%**	**3,102,970,446**	**100%**	**2,081,771,029**	**100%**

Pledged assets

The following table sets out the details of the Group's pledged assets, or financial assets that may be re-pledged or resold by counterparties.

	As at 30 June	As at 31 December		
	2021	**2020**	**2019**	**2018**
	(₦ thousands)			
Treasury bills	174,761,074	184,103,895	522,956,308	380,688,816
Government bonds	38,209,927	44,441,640	82,599,583	173,364,140
Total pledged assets[(1)]	**256,796,084**	**228,545,535**	**605,555,891**	**554,052,956**

(1) The assets pledged as collateral include assets pledged to third parties under secured borrowing, with the related liability disclosed above. Pledged assets includes pledges to counterparties for total return swap of ₦759 million (31 December 2019: ₦117,970 million; 31 December 2018: ₦167,370 million). The pledges have been made in the normal course of business of the Bank. In the event of default, the pledgee has the right to realise the pledged assets. The figures in the table above include only liabilities for which actual cash has been received.

Pledged assets includes financial instruments measured at FVOCI, financial instruments measured at amortised cost and financial instruments measured at FVPL.

Pledged assets totalled ₦256,796 million as at 30 June 2021 as compared to ₦228,546 million as at 31 December 2020, ₦605,556 million as at 31 December 2019 and ₦554,053 million as at 31 December 2018. The decrease from 2019 to 2020 was primarily as a result of a loan obligation on which some of these assets were pledged against maturing in 2020.

Investment securities

The following table sets out details of the Group's investment securities as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
			(₦ thousands)	
Debt securities at FVOCI:				
Government bonds	171,067,494	150,094,494	64,989,934	37,314,997
Treasury bills	288,062,819	748,230,225	232,813,374	195,218,225
Eurobonds	21,132,819	22,032,870	2,860,694	6,791
Corporate bonds	—	15,745,714	7,815,595	6,855,934
State government bonds	29,103,018	31,741,795	6,311,454	613,284
Promissory notes	7,509,390	80,033,790	807,619	-
Total	**516,875,540**	**1,047,878,888**	**315,598,670**	**240,009,231**
Debt securities at amortised cost:				
Treasury bills	981,106,252	237,109,445	379,283,381	102,564,048
Federal government bonds	350,881,100	271,536,033	255,138,534	39,106,004
Other	25,544,808	51,259,203	21,425,282	9,973,623
Total	**1,357,532,160**	**559,904,681**	**655,847,197**	**151,643,675**
Equity securities:				
Equity securities at fair value through profit or loss	165,349,327	141,765,576	113,158,320	109,419,574
Total investment securities	**2,039,757,027**	**1,749,549,145**	**1,084,604,187**	**501,072,480**

Total investment securities were ₦2,039,757 million as at 30 June 2021, ₦1,749,549 million as at 31 December 2020, ₦1,084,604 million as at 31 December 2019 and ₦501,072 million as at 31 December 2018. The increase in 2021 was primarily due to increased trading activities to ramp up the trading activities during the period to make up for the slump experienced during the 2020 COVID-19 period. The increase in investment securities in 2020 was primarily due to the growth in deposits over the periods under review, which resulted in excess liquidity to be invested in investment securities. The increase in investment securities in 2019 was primarily due to excess liquidity as the Group sought to invest in high yield instruments.

Restricted deposits and other assets

The following table sets out details of the Group's restricted deposits and other assets as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
			(₦ thousands)	
Accounts receivable	237,299,817	120,801,111	86,028,924	71,001,487
Receivable on E-Business channels	50,762,292	78,265,416	61,158,239	28,319,140
Receivable from disposal of non-current asset	—	—	—	768,354
Deposit for investment in AGSMEIS(1)	17,365,456	13,363,490	9,685,037	5,863,248
Subscription for investment(2)	12,755,991	7,306,029	16,873,391	733,905
Restricted deposits with central banks(3)	1,314,769,895	1,308,729,111	848,846,575	579,238,421
Prepayments	58,939,132	22,858,574	37,023,629	19,253,420
Inventory(4)	3,190,037	3,717,594	1,903,981	1,081,505
	1,695,082,621	**1,555,041,325**	**1,061,519,776**	**706,259,480**
Allowance for impairment on other assets:				
Financial assets	(2,230,968)	(5,254,712)	(6,009,324)	(1,907,699)
Non-financial assets	(483,479)	(895,371)	-	(25,002)
Total restricted deposits and other assets	**1,692,368,174**	**1,548,891,242**	**1,055,510,452**	**704,326,780**

(1) Deposit for investment in AGSMEIS represents the Bank's deposit as equity investment in the Agri-business/Small and Medium Enterprises Investment Scheme. All Nigerian deposit money banks are required to invest 5% of their prior year's profit after tax as an equity investment in the scheme.

(2) Subscription for investment balance relates to deposits paid for the acquisition of equity investments for which shares have not yet been issued to the Bank.

(3) Restricted deposits with central banks comprise the cash reserve requirements of the Central Bank of Nigeria and other central banks of jurisdictions in which the Group operates, as well as the special intervention fund with the Central Bank of Nigeria of ₦89.58 billion introduced in January 2016 as a reduction in the cash reserve ratio with a view of channelling the reduction to

financing the real sector (for example, manufacturing and services). These balances are not available for day-to-day operations of the Group.

(4) Inventory consists of blank debit cards, cheque leaves, computer consumables and other stationery held by the Bank. Increase in prepayments resulted from services that have been paid in advance for the year for which the amortization will be over the relevant year of service. These include rents and advertisements.

Restricted deposits and other assets include financial assets, including accounts receivable, receivables on E-Business channels, and restricted deposits with central banks, as well as non-financial assets (consisting of prepayments and inventory) and gross other assets (consisting of allowances for impairment on other assets). Restricted deposits and other assets increased to ₦1,692,368 million as at 30 June 2021 from ₦1,548,891 million as at 31 December 2020, ₦1,055,510 million as at 31 December 2019 and ₦704,327 million as at 31 December 2018. These increases were largely the result of increases in restricted deposits with central banks (due to an increase in the CBN's cash reserve requirement rate increasing from 22.5% to 27.5% as of 24 January 2020), in accounts receivable and in receivables on e-business channels.

Property and equipment

Property and equipment was ₦242,197 million as at 30 June 2021, ₦226,479 million as at 31 December 2020, ₦211,214 million as at 31 December 2019 and ₦103,669 million as at 31 December 2018. These increases were primarily due to an increase in buildings, land, leasehold improvements, furniture and fittings, motor vehicles and plant and equipment as a result of the Group's acquisitions during the periods under review.

Total liabilities

The following table presents details regarding the Group's liabilities as at the dates indicated.

	As at 30 June		As at 31 December					
	2021	**% of total**	**2020**	**% of total**	**2019**	**% of total**	**2018**	**% of total**
				(₦ thousands, except percentages)				
Deposits from financial institutions	1,758,573,492	18.95	958,397,171	12.09	1,186,356,312	18.1	994,572,845	22.3
Deposits from customers	5,974,755,925	64.39	5,587,418,213	70.47	4,255,837,303	65.1	2,564,908,384	57.5
Derivative financial liabilities	10,099,966	0.11	20,880,529	0.26	6,885,680	0.1	5,206,001	0.1
Current tax liabilities	2,564,906	0.03	2,159,921	0.03	3,531,410	0.05	4,057,862	0.1
Other liabilities[1]	492,536,093	5.31	379,416,786	4.79	324,333,880	5.0	246,438,951	5.5
Deferred tax liabilities	15,501,952	0.17	14,877,285	0.19	11,272,928	0.2	6,456,840	0.1
Debt securities issued	177,860,278	1.92	169,160,059	2.13	157,987,877	2.4	251,251,383	5.6
Interest-bearing borrowings	842,541,570	9.08	791,455,237	9.98	586,602,830	9.0	388,416,734	8.7
Retirement benefit obligation	4,983,041	0.05	4,941,268	0.06	3,609,037	0.06	2,336,183	0.05
Total liabilities	**9,279,417,223**	**100**	**7,928,706,469**	**100.0**	**6,536,417,257**	**100.0**	**4,463,645,183**	**100.0**

(1) Other liabilities include creditors and accruals, certified and bank cheques, customers' deposit for foreign trade, collections account balances, unclaimed dividends, provisions for litigation claims and others.

The Group's total liabilities increased to ₦9,279,417 million as at 30 June 2021 from ₦7,928,706 million as at 31 December 2020, ₦6,536,417 million as at 31 December 2019 and ₦4,463,645 million as at 31 December 2018, primarily as a result of increases in deposits from customers, interest-bearing borrowings and other liabilities, which were partially offset by a decrease in debt securities issued as compared to 31 December 2018.

Pursuant to the CBN guideline on the Review of the Limit on Foreign Borrowings by Banks dated 13 February 2017 (with reference no. BSD/DIR/GEN/LAB/10/009), the aggregate foreign currency borrowing of a Nigerian bank, excluding inter-group and inter-bank borrowings, is limited to 125% of such bank’s shareholders' funds unimpaired by losses. Upon the first issue of Notes after the date of this Base Prospectus, the Bank expects to exceed this regulatory limit and has therefore sought dispensation from the CBN for compliance with such ratio, which the CBN provided for a period of 12 months from 24 August 2021. If the Bank is not in compliance with the above-mentioned limit by the end of such dispensation period and does not receive an extension from the CBN, it could be exposed to such sanctions as the CBN may deem appropriate in accordance with the provisions of BOFIA including but not limited to the imposition of fines. This, however, does not affect the validity, legality, binding nature, and/or enforceability of any Notes. See "*Risk Factors—Risks Relating to the Group—The Group may be sanctioned for non-compliance with regulations applicable to banks in Nigeria*".

Deposits from financial institutions

The following table sets out details of the Group's deposits from financial institutions as at the dates indicated.

	As at 30 June		As at 31 December					
	2021	% of total	2020	% of total	2019	% of total	2018	% of total
	(₦ thousands, except percentages)							
Money market deposits	921,103,826	52.4	501,831,841	52.4	974,352,271	82.1	519,042,681	52.2
Trade related obligations to foreign banks..................	837,469,666	47.6	456,565,330	47.6	212,004,041	17.9	475,530,164	47.8
Total deposits	**1,758,573,492**	**100.0**	**958,397,171**	**100.0**	**1,186,356,312**	**100.0**	**994,572,845**	**100.0**

Deposits from financial institutions amounted to ₦1,758,573 million as at 30 June 2021, ₦958,397 million as at 31 December 2020, ₦1,186,356 million as at 31 December 2019 and ₦994,573 million as at 31 December 2018. The majority of these deposits constitute current liabilities of the Group. The movements in deposits from financial institutions from 2018 to 2019 are primarily the result of driven by the Diamond Bank Merger. The decrease from 2019 to 2020 was primarily as a result of reduced lending during the COVID-19 pandemic since the repayment risk was higher at that period. The increase from 2020 to 2021 was primarily as a result of the Group's resolve to support SMEs by granting letter of credits to import customers.

Deposits from customers

Deposits from customers are the main item of liabilities of the Group, constituting 64.4% of total liabilities as at 30 June 2021, 70.5% as at 31 December 2020, 65.1% as at 31 December 2019 and 57.5% as at 31 December 2018. The following table sets out details of the Group's deposits from customers as at the dates indicated.

	As at 30 June		As at 31 December					
	2021	% of total	2020	% of total	2019	% of total	2018	% of total
	(₦ thousands, except percentages)							
Term deposits	2,248,686,098	37.6	1,975,382,019	35.4	1,784,924,350	42.0	1,287,048,284	50.2
Demand deposits.........	2,361,067,728	39.5	2,301,974,129	41.2	1,681,564,464	39.5	1,010,791,291	39.4
Savings deposits..........	1,365,002,099	22.8	1,310,062,064	23.4	789,348,489	18.5	267,068,809	10.4
Total deposits from customers	**5,974,755,925**	**100.0**	**5,587,418,212**	**100.0**	**4,255,837,303**	**100**	**2,564,907,384**	**100.0**

Deposits from customers amounted to ₦5,974,756 million as at 30 June 2021, ₦5,587,418 million as at 31 December 2020, ₦4,255,837 million as at 31 December 2019 and ₦2,564,908 million as at 31 December 2018. The large majority of these deposits constitute current liabilities of the Group. The increases in deposits from customers are largely due to the increases in demand deposits and savings deposits from retail customers, as a result of the continued overall growth of the business of the Bank and its efforts to increase its market share in the retail banking market in Nigeria. The increase from 2018 to 2019 was primarily due to the ₦1,055,147 million of deposits from customers acquired from the Diamond Bank Merger.

The following table sets out the Group's deposits from customers by remaining contractual maturity dates as at the dates indicated.

	As at 30 June		As at 31 December					
	2021	% of total	2020	% of total	2019	% of total	2018	% of total
				(₦ millions, except percentages)				
Less than 3 months............................	4,911,231	82.2	4,616,606	82.6	4,444,035	89.3	1,954,204	72.7
3 months to 6 months........................	984,883	16.5	954,258	17.1	281,016	5.6	526,129	19.6
6 months to 1 year.............................	67,626	1.1	16,890	0.3	155,768	3.1	121,539	4.5
1 year to 5 years	11,721	0.2	601	0.0	96,251	1.9	84,690	3.2
More than 5 years..............................	-	-	-	-	-	-	-	-
Gross nominal inflow/(outflow)[(1)]....	**5,975,462**	**100.0**	**5,588,357**	**100.0**	**4,977,071**	**100.0**	**2,686,564**	**100.0**
Carrying amount.............................	5,974,756		5,587,418		4,255,837		2,564,908	

(1) The gross nominal inflow/(outflow) is the contractual, undiscounted cash flow on the financial liability or commitment.

Other liabilities

The following table sets out details of the Group's other liabilities as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
			(₦ thousands)	
Certified and bank cheques	6,232,038	4,508,867	4,526,529	2,192,963
E-banking payables[(1)]	39,596,085	89,242,387	64,552,944	28,859,357
Collections account balances[(2)]	238,877,976	152,676,595	71,047,441	59,183,957
Accruals	46,490,382	2,368,024	2,185,506	1,324,568
Creditors	30,210,795	10,820,370	6,493,771	22,676,791
Payable on AMCON	1,281,293	1,281,293	1,701,606	1,128,825
Customer deposits for foreign exchange[(3)]	48,610,309	40,494,867	39,937,507	25,508,441
Unclaimed dividend[(4)]	16,388,738	15,730,661	15,881,375	14,595,639
Lease liabilities	15,755,042	13,588,379	10,325,181	-
Other financial liabilities	39,444,749	23,186,625	94,447,723	11,562,865
ECL on off-balance sheet	3,124,327	2,740,034	4,526,457	1,482,931
Litigation claims provision	2,169,853	1,919,853	1,401,620	945,372
Other non-financial liabilities[(5)]	4,354,506	20,858,831	7,306,220	76,977,242
Total	**492,536,093**	**379,416,786**	**324,333,880**	**246,438,951**

(1) E-banking payables represent settlements due to other banks for the use of their electronic channels by the Group's customers.
(2) Collections account balances are balances held in trust on behalf of customers for various transactions. These include escrows, collection for remittances, payments, etc.
(3) Customer deposits for foreign exchange represents deposits that customers have made to fulfil foreign currency obligations. The Group's process requires that customers with foreign currency obligations deposit foreign currency to back the transactions.
(4) Unclaimed dividend is the balance of dividend declared by the Bank but yet to be claimed by shareholders. The amount relates to the portion that has been transferred to the Bank by the Registrar in accordance with Securities and Exchange Commission guidelines on Return of Unclaimed Dividends for the corresponding assets with asset managers. The amount is payable on demand to shareholders.
(5) Other non-financial liabilities include collections and other payables.

The Group's other liabilities amounted to ₦492,536 million as at 30 June 2021, ₦379,417 million as at 31 December 2020, ₦324,334 million as at 31 December 2019 and ₦246,439 million as at 31 December 2018. This increase was mainly due to increases in collections account balances, which were the result of the general growth in the Group's business, in lease liabilities, as a result of changes in accounting principles (implementation of IFRS 16), and in other non-financial liabilities. The increase from 2018 to 2019 was partially as a result of the Group ₦54,182 million of other liabilities the Group acquired from the Diamond Bank Merger.

Debt securities issued

Debt securities issued primarily represents the net of balances held by the Group in respect of Eurobonds, green bonds and local bonds issued by the Group, including (a) U.S.$300 million in Eurobond notes of 10.5% interest issued 19 October 2016 and maturing 19 October 2021, which is expected to be fully repaid to the investors upon maturity using available cash resources, (b) an unsecured green bond issued 18 March 2019, with a coupon rate of 15.5% per annum and maturing 18 March 2024, and (c) a local bond issued 4 July 2019, with a coupon rate of 15.5% per annum and maturing 4 July 2026.

Interest-bearing borrowings

The following table sets out details of the Group's interest-bearing loans and borrowings as at the dates indicated. The facilities listed below are for on-lending purposes.

Interest Bearing Borrowings	30 June 2021	31 December 2020
	In thousands of Naira	
African Development Bank (see note (a))	19,619,144	17,755,228
Netherlands Development Finance Company (see note (b))	141,742,551	142,907,542
French Development Finance Company (see note (c))	925,880	1,767,670
European Investment Bank (see note (d))	36,542,873	37,430,800
Deutsche Investitions- und Entwicklungsgesellschaft (DEG) (see note (e))	3,828,264	4,198,814
International Finance Corporation (see note (f))	57,014,734	55,381,711
French Development Agency (see note (g))	12,361,076	12,048,263
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (h))	8,450,127	8,664,680
Central Bank of Nigeria - Shared Agent Network Expansion Facility (See note (i))	2,187,670	2,258,000

Interest Bearing Borrowings	30 June 2021	31 December 2020
	In thousands of Naira	
Bank of Industry-Power & Airline Intervention Fund (see note (j))	2,638,820	3,387,775
Special Refinancing & Restructuring Intervention fund (SRRIF) (see note (k))	2,919,312	3,365,050
Central Bank of Nigeria - Salary Bailout facilities (see note (l))	60,850,387	60,370,979
Central Bank of Nigeria - Excess Crude Account (see note (m))	109,883,105	109,185,236
Real Sector and Support Facility (RSSF) (see note (n))	15,074,749	16,508,760
Development Bank of Nigeria (DBN) (see note (o))	74,241,168	75,022,451
Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement Scheme (DCRR) (see note (p))	164,635,931	105,690,820
Nigeria Mortgage Refinance Company (NMRC) (see note (q))	5,657,092	5,736,228
Micro small and medium enterprise development fund (MSMEDF) (see note (r))	-	-
Africa Export and Import Bank (AFREXIM) (see note (s))	44,953,629	59,916,173
Diamond finance B V (Anambra State Government) (see note (t))	-	20,431,367
BOI Power and steel (PAIF) (see note (u))	11,865,449	11,762,893
Bank of Industry (RRF) (see note (u))	-	-
Creative Industry Financing Initiative Fund (CIFI) (see note (v))	1,673,148	1,636,867
Accelerated Agricultural Development Scheme (AADS) (see note (w))	2,950,058	2,938,301
Non-Oil Export Stimulation Facility (NESF) (see note (x))	4,024,727	4,020,064
Health Sector Intervention (HSI) Differentiated Cash Reserve Requirement Scheme (DCRR) (see note (y))	15,214,758	7,584,176
Lagos State Employment Trust Fund (LESTF) W Initiative (see note (z))	991,056	1,000,000
ECOWAS Bank for Investment and Development (EBID) (see note (aa))	6,170,111	5,203,595
Standard Chartered Bank GH. Ltd (see note (ab))	12,107,862	-
Norsad Finance Limited (see note (ac))	3,225,170	-
Bank of Zambia - (TMTRF) (see note (ad))	3,426,632	-
ABC Holdings Ltd (see note (ae))	1,784,170	-
Other loans and borrowings	15,581,915	15,281,794
	842,541,570	**791,455,234**

There have been no defaults in any of the borrowings covenants during the period

(a) The amount of ₦19,619,143,580 (U.S.$47,774,664) represents the outstanding balance in the on-lending facility granted to the Bank by AFDB (Africa Development Bank) in two tranches. The first tranche of USD35 million has matured and was fully paid out in August 2016. The second tranche was disbursed in August 2014 (USD 90m) for a period of 10 years, while the third tranche came in June 2016 for (USD 10m) for a period of 9 years. The principal amount is repayable semi-annually starting from February 2017 for both tranches. Interest is paid semi-annually at 3% above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(b) The amount of ₦141,742,550,916 (USD 345,157,919) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Development Finance Company effective from March 2018 (USD 100m), Feb 2019 (USD 162.5m) and 2020 (USD 93.8m)for a period of 5 years, 10 years and 10 years respectively. The principal amount is repayable semi-annually from July 2019, quarterly from May 2019 and January 2026 respectively while interest is paid semi-annually at 5.5% above 6 months LIBOR, quarterly at 7.83% above 3 months LIBOR for the first 5 years and 12% above 3 months LIBOR for the last 5 years and quarterly at 9.61%. It also includes the facility granted to Ghana in July 2018 for a period of 7 years at 6.88% with interest and principal (starting June 2023) payable semi-annually. Two facilities were also granted to Congo in Dec 2019 for a period of 5 and 3 years respectively with the principal amount repayable semi-annually from Jan 2022 and Jan 2021 respectively while interest is paid semi-annually at 4.2% above LIBOR and 4% above LIBOR respectively. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(c) The amount of ₦925,880,054 (USD 2,254,615) represents the outstanding balance in the on-lending facility granted to Ghana by the French Development Finance Company effective from 30 December 2014 for 7 years to support lending to the private sector at 5.98% with principal and interest repayable semi-annually. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(d) The amount of ₦36,542,872,679 (USD 88,985,712) represents the outstanding balance on five on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m), June 2014 (USD 14.7m), September 2015 (USD 27.9m), March 2016 (USD 27.1m) and July 2020 (USD 68.7m) for a period of 6 years each for the first three, a period of 8 years each for the next two and a period of 5 years for the last one. Interest is paid semi-annually at 2.6%, 2.6%, 2.93%, 2.6%, 2.6% respectively above 6 months LIBOR and 3.04% for the last one. It also includes the facility granted to Ghana in Oct 2016 for a period of 7 years. Principal and interest are paid semi-annually at 4.57%. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(e) The amount of ₦3,828,263,883 (USD 9,322,222) represents the outstanding balance on the on-lending facility of USD 15mn granted to the Bank by the Deutsche Investitions- und Entwicklungsgesellschaft (DEG) in December 2017 (USD 15m) for a period of 7 and a half years. The principal amount will be repayable semi-annually from May 2019 while interest is paid semi-annually at 7.69% above 6months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(f) The amount of ₦57,014,734,451 (USD 138,836,834) represents the outstanding balance on the on-lending facility of USD 87.5mn and USD 50mm granted to the Bank by International Finance Corporation for a period of 10 years and 1 year respectively. The principal amount will be repayable quarterly from September 2019 and October 2020 respectively, while interest is paid semi-annually at 7.69% above 3 months LIBOR for the first 5 years and 12% above 3 months LIBOR for the last 5 years and 4.25% above 6 months LIBOR for a year. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(g) The amount of ₦12,361,076,090 (USD 30,100,512) represents the outstanding balance on the on-lending facility of USD 30mn granted to the Bank by French Development Agency for a period of 8 years. The principal amount will be repayable semi-annually from November 2020 while interest is paid quarterly at 3.57%. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(h) The amount of ₦8,450,126,898 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum year of 7 years at a 0% interest rate to the Bank. The Bank did not provide security for this facility. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(i) The amount of ₦2,187,670,133 represents an outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria, to facilitate the rapid rollout of agent networks across Nigeria supporting the expansion of a shared Agent Network to deepen financial inclusion in Nigeria. The total facility has a tenor of 10 years at a 5% interest rate and the facility is meant for CBN Licensed Mobile Money Operators and Super Agents. The principal amount will be repayable quarterly after the 1 year interest moratorium and the 2 years principal moratorium. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(j) The amount of ₦2,638,820,338 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 13.5 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(k) The amount of ₦2,919,311,955 represents the outstanding balance on intervention credit granted to the bank by the Bank of Industry (BOI) under the Special refinancing and Restructuring intervention fund, with a 10 year tenor which is due on the 31 August 2024. The bank has a 36 months moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(l) The amount of ₦60,850,387,466 represents the outstanding balance on the state salary bailout facilities granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments for payments of salary of workers of the states. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(m) The amount of ₦109,883,105,427 represents the outstanding balance on the excess crude account loans granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(n) The amount of ₦15,074,749,187 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in respect of the Real Sector Support Facility (RSSF) established by CBN. The facility tenor is for a range of 7 to 10 years inclusive of 24 months moratorium at a 3% interest rate to the Bank. An additional facility of NGN2bn was disbursed under the scheme for a period of 7 years inclusive of 1 year moratorium at a 3% interest rate to the Bank. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(o) The amount of ₦74,241,168,258 represents the outstanding balance on four on-lending facilities granted to the Bank by the Development Bank of Nigeria in two series in respect of the Micro, Small and Medium Scale Enterprises (MSMEs) and Small Corporates. The facilities are for a maximum of 3 years at a 9.6% interest rate to the Bank. A third series of about 1.68bn was disbursed for a period of 10 years. The fourth facility of about 70bn was disbursed for a period of 10 years at an interest rate of 10%. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(p) The amount of ₦164,635,931,192 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in respect of the Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement scheme (DCCR) established by CBN supporting Reddington Multi-specialist Hospital, Dana Motors, Lafarge Africa PLC. The facility is for a maximum period of 7 years inclusive of 12 months moratorium for Reddington and Dana and a 24 months moratorium for Lafarge at a 0% interest rate to the Bank. Additional amounts were disbursed between July 2019 and November 2019 in favour of 5 other beneficiaries amounting to 34.58bn for a period of 7 years with 2 years moratorium at 2% interest rate on a quarterly basis for the first 4 counterparties and 10 years with no moratorium at 1% interest rate on a quarterly basis for the last counterparty. There were additional facilities disbursed in 2020 in favour of 16 other beneficiaries amounting to about ₦59bn for a period of 4 to 10 years inclusive of 6 months to 2 years moratorium at 2% interest rate on a quarterly basis. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(q) The amount of ₦5,657,091,500 represents the outstanding balance on the on-lending facility granted to the Bank by Nigeria Mortgage Refinance Company. The facility is for a maximum period of 15 years commencing from the date of execution of this agreement at a 14.5% interest rate to the Bank. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(r) This on-lending facility granted to the Bank under the Central Bank of Nigeria scheme Micro, Small and medium Enterprise Development Fund (MSMEDF). The on-lending facility is for a maximum tenor of 5 years where the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% to 9% per annum depending on the beneficiary. The principal amount of the on-lending facility is repayable on a monthly basis over the tenor of the borrowing which will expire in August 2020. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(s) The amount of ₦44,953,628,553 (USD 109,466,782) represents the outstanding balance on the on-lending facility of USD 25mn granted to the Bank by Africa Export and Import Bank (AFREXIM) in May 2018 for a period of 3 years. The principal amount will be repayable semi-annually from November 2018 while interest is paid quarterly at 7% above 3 months LIBOR. In December 2019, AFREXIM disbursed a USD200mn for a period of 3 years to be paid quarterly with a 6 months moratorium with Interest also paid quarterly at 3.64% and LIBOR. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(t) This on-lending facility granted to the Bank under the Group's issued dollar denominated loan participatory notes of $50 million (₦9.95 billion) through a structured entity, Diamond Finance BV, Netherlands, on 27 March 2014, which is due on 27 March 2021. The principal amount is payable at the end of the tenor while interest on the notes is payable semi-annually at 7% per annum. The net proceeds from the issue of the Loan Participatory Notes, was used by the Issuer (Diamond Finance BV) for the sole purpose of providing a loan to Diamond Bank, which was in turn used by the Bank to support its business expansion and development. Diamond Bank (now Access Bank Plc), unconditionally and irrevocably guaranteed the due payment of all sums by the Issuer (Diamond Finance BV) in respect of the Notes. The Group had no defaults of principal or interest with respect to its subordinated liabilities during the life of the facility. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(u) The amount of ₦11,865,448,980 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on- lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7%. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(v) The amount of ₦1,673,147,934 represents the outstanding balance on the on-lending facility granted to the Bank by the Central Bank of Nigeria under the Creative Industry Financing Initiative established by the CBN. The initiative is on a request by request basis. The tenor of the facilities granted ranges from 3 to 10 years inclusive of a maximum of 24 months moratorium. There are currently 14 beneficiaries under the initiative. The Bank is under obligation to on-lend to customers at an all-in interest rate of 9% with 2% remitted to CBN. The Bank remains the primary obligor to CBN and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(w) The amount of ₦2,950,057,651 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in respect of the Accelerated Agricultural Development Scheme (AADS) on behalf of Bayelsa State Government. The facility is for a period of 3 years inclusive of 24 months moratorium at a 4% interest rate repayable on a monthly basis. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(x) The amount of ₦4,024,727,430 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in respect of the Non- Oil Export Stimulation Facility (NESF) supporting Leaf Tobacco and Commodities Nigeria Limited in acquiring additional machinery for expansion of their facilities. The facility is for a period of 6 years inclusive of 12 months moratorium at a 1% interest rate repayable on a quarterly basis which will increase to 2% effective 1 March 2022. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(y) The amount of ₦15,214,758,149 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria through the Health Sector Intervention Facility (HSIF) window of the Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement scheme (DCCR) supporting 8 beneficiaries (₦7.6bn). The tenor of the facility ranges from 4 to 10 years inclusive of maximum moratorium of 12 months. The interest is set at 1% repayable on a quarterly basis which will increase to 2% effective March 2022. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(z) The amount of ₦991,056,289 represents the outstanding balance on the on-lending facility granted to the Bank by Lagos State Employment Trust Fund (LESTF) to support financial inclusion of women in Lagos state. The tenor of the facility is 2 years. The interest is set at 5% repayable on a monthly basis. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(aa) The amount of ₦6,170,111,335 (USD 15,024,866) represents the outstanding balance on the on-lending facility granted to the Group's Subsidiary in Ghana by ECOWAS Bank for Investment and Development (EBID) which attracts an interest rate of 2.75% for 60 days with four different facilities disbursed between May and June (24 May 2021, 3 Jun 2021, 4 Jun 2021 and 11 Jun 2021) all with principal and interest payable at maturity. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(ab) The amount of ₦12,107,862,291 (USD 29,483,910) represents the outstanding balance on the on-lending facility granted to the Group's Subsidiary in Ghana by Standard Chartered Bank GH. Ltd. Two tranches were disbursed on 29 June 2021 and 3 June 2021 at an interest rate of 2.97% for 9 months and 1 year respectively where principal and interest is payable at maturity. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(ac) The amount of ₦3,225,169,653 (USD 7,853,625) represents the outstanding balance on the on-lending facility granted to the Group's Subsidiary in South Africa by Norsad Finance Limited which attracts an interest rate of 8.50% for 5 years with interest paid semi-annually and principal payable at maturity. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(ad) The amount of ₦3,426,632,277 (USD 8,344,208) represents the outstanding balance on the on-lending facility granted to the Group's Subsidiary in Zambia by Bank of Zambia - (TMTRF) which attracts an interest rate of 10% ranging between different tenors of 5 to 2 years with five different facilities disbursed on 31 July 2020 and 10 March 2021 all with interest payable quarterly after 12 months moratorium and principal is paid at maturity. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

(ae) The amount of ₦1,784,169,699 (USD 4,344,640) represents the outstanding balance on the on-lending facility granted to the Group's Subsidiary in Mozambique by ABC Holdings Ltd for two facilities disbursed on 1 Dec 2017 and 31 Dec 2016 for a period of 5 and 10 years respectively which attracts an interest rate of 8.5% and 14.25% respectively with Semi-annual repayment of interest and Principal on maturity. From this creditor, the bank has nil undrawn balance as at 30 June 2021.

Funding and Liquidity

The Group's funding needs arise primarily from the extension of loans and advances to customers. As at 30 June 2021, the Group's funding base consisted primarily of deposits (81.71% of total funding) and other borrowed funds (11.99% of total funding). See "—*Financial condition as at 30 June 2021 and 31 December 2020, 2019 and 2018*" above for more information on the Group's funding sources.

Management believes that its management of assets and liabilities have allowed the Group to maintain prudent levels of liquidity. Additionally, the CBN Prudential Guidelines require the Group to maintain 30.0% of its deposits in liquid assets, which further boosts liquidity. See "*Asset, Liability and Risk Management—Liquidity Risk*" for a summary of the effect of the Group's undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity.

The following table sets out certain liquidity ratios for the Group as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	**2020**	**2019**	**2018**
		(%)		
Liquid assets[1]/total assets	37.30	33.27%	27.69%	26.65%
Liquid assets[1]/customer deposits	62.77	51.69%	46.47%	51.47%
Liquid assets[1]/liabilities up to three months	60.48	48.71%	42.22%	41.56%
Loans to customers, net/total assets	35.63	37.08%	40.76%	40.24%
Loans to customers, net/customer deposit	59.97	57.60%	68.41%	77.73%
Loans to customers, net/total equity	462.06	428.49%	479.87%	406.43%

(1) Liquid assets include cash and cash equivalents, treasury bills, trading assets and government bonds.

Off-balance sheet arrangements

In the normal course of its activity, the Group enters into certain financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, which include acceptances, endorsements, guarantees and letters of credit, involve varying degrees of credit risk and are not reflected in the balance sheet of the Group. The Group's total off-balance sheet assets were ₦820.85 million as at 30 June 2021, ₦824.35 million as at 31 December 2020, ₦897.52 million as at 31 December 2019 and ₦759.85 million as at 31 December 2018. The Group's maximum exposure to credit losses for off-balance sheet arrangements is reflected in the contractual amounts of these transactions. In accordance with the CBN Prudential Guidelines, the maximum amount that can be included in off-balance sheet commercial paper and bankers' acceptances is 150.0% of shareholders' funds, and was nil as at 30 June 2020.

Contingencies and contractual commitments

The Group conducts business involving acceptances, bonds, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit. The following table sets out the commitments and contingent liabilities of the Group as at the dates indicated.

	As at June	As at 31 December		
	2021	**2020**	**2019**	**2018**
			(₦ thousands)	
Contingent liabilities:				
Transaction-related bonds and guarantees	465,918,521	378,808,847	477,932,816	452,083,539
Financial guarantees		-	-	-
Commitments:				
Clean line facilities for letters of credit and other commitments	354,920,787	445,538,945	419,584,999	307,761,666
Future, swap and forward contracts		-	-	-
Total contingent liabilities and commitments	**820,848,308**	**824,347,792**	**897,517,815**	**759,845,205**

Capital adequacy

The Group calculates its capital adequacy ratio as the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with CBN Regulations, Nigerian banks with international banking operations are required to maintain a total capital adequacy ratio of 15% and domestic banks are required to maintain a total capital adequacy ratio of 10%. The Group has applied the Basel II framework as part of its capital management strategy since 2008. Substantial enhancements were made to the risk management framework based on the guidelines of the Basel II Capital Accord and the Group's risk management system became completely in line with Basel II principles in January 2014.

In May 2016, the CBN extended the deadline for the implementation of higher capital ratio ("**CAR**") requirements for SIBs. The policy, which was to take effect from 1 July 2016, has been deferred to an undisclosed date and stipulates the implementation of a 16% minimum for SIBs. Eight designated banks, including the Bank, were required to hold more liquid assets and have a liquidity ratio of 35%. On 14 March 2016, the CBN tightened CAR requirements such that all intragroup placements will be assigned a minimum risk weight of 100% (up from 20%) owing to perceived risks from such exposures.

The following table sets forth the Group's capital adequacy as at the dates indicated, prepared in accordance with IFRS.

	As at 30 June	As at 31 December		
	2021	**2020**	**2019**	**2018**
		(₦ thousands, except percentages)		
Tier 1 capital				
Ordinary share capital	17,772,613	17,772,613	17,772,613	14,463,986
Share premium	234,038,850	234,038,850	234,038,850	197,974,816
Retained earnings	342,044,522	252,396,881	225,665,749	155,592,892
Add back IFRS impact (adjusted day one impact)	-	39,626,943	79,253,886	23,046,552
Other reserves	181,569,937	239,494,175	124,733,785	114,609,701
Non-controlling interests(1)	11,007,105	7,338,726	8,528,834	7,870,360
	775,433,029	**790,668,184**	**689,446,782**	**513,558,307**
Add/(Less):				
Fair value reserve for available-for-sale	2,311,322	(60,106,564)	(964,243)	5,622,402
Foreign currency translational reserves	(34,439,366)	(18,132,330)	(11,780,013)	(15,586,697)
Other reserves	(2,370,227)	(876,762)	(1,881,768)	(1,725,386)
Total Tier 1 capital	**740,934,756**	**711,552,526**	**674,820,757**	**501,868,626**
Add/(Less):				
Deferred tax assets	(5,338,758)	(4,240,448)	(8,807,563)	(922,660)
Regulatory risk reserve	**(9,584,394)**	(46,425,978)	(18,091,941)	(19,942,296)
Intangible assets	(68,381,566)	(69,189,841)	(65,932,754)	(9,752,498)
Adjusted Tier 1 capital	**657,630,039**	**591,696,260**	**581,988,499**	**471,251,172**
Tier 2 capital				
Debt securities issued	241,184,908	237,633,454	128,469,000	57,406,400
Fair value reserve for available-for-sale securities	(2,311,321)	60,106,564	964,243	(5,622,402)
Foreign currency translational reserves	34,439,370	18,132,330	11,780,013	15,586,697
Other reserves	2,370,229	876,762	1,881,768	1,725,386
Total Tier 2	275,683,181	**316,749,110**	**143,095,024**	**69,096,081**
Adjusted Tier 2 capital (33% of Tier 1)	**219,188,092**	**197,212,363**	**143,095,204**	**69,096,081**
Total regulatory capital	**876,818,131**	**788,908,623**	**725,083,522**	**540,347,253**
Risk-weighted assets	**4,210,026,143**	**3,827,611,095**	**3,621,011,364**	**2,600,099,302**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	20.83%	20.61%	20.02%	20.78%
Total tier 1 capital expressed as a percentage of risk-weighted assets	15.62%	15.46%	16.07%	18.12%

Related Party Transactions

As disclosed in Note 43 to the 30 June 2021 Interim Financial Statements, Note 43 to the 2020 Financial Statements, Note 43 to the 2019 Financial Statements and Note 43 to the 2018 Financial Statements appearing elsewhere in this Base Prospectus, the Group has not entered into any other related party transactions with any related party during the six-month period ended 30 June 2021, the year ended 31 December 2020, the year ended 31 December 2019 and the year ended 31 December 2018, or during the period between 30 June 2021 and 6 September 2021 (the latest practicable date prior to the date of this Base Prospectus).

As at 30 June 2021, 31 December 2020, 31 December 2019 and 31 December 2018, 5.25%, 5.4%, 6.2% and 5.1% of the Group's gross loans and advances to customers were made to related parties, respectively.

SELECTED STATISTICAL AND OTHER INFORMATION

The following tables present selected statistical information and ratios for the Group as at and for the periods indicated. The selected statistical information should be read in conjunction with the Financial Statements and the information included in "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", as well as the "*Presentation of Financial and Other Information*" sections. Investors should also note that certain information included in this section of the prospectus (including monthly average balances and interest rates) were prepared based on the unaudited management accounts of the Group and is not extracted from the audited Financial Statements.

Average balances and interest rates

The following table sets forth the consolidated average balances of interest-earning assets and interest-bearing liabilities of the Group for the years ended 31 December 2020, 2019 and 2018. The table also sets forth the amount of interest income earned and interest expense incurred by the Group for the same periods, as well as the average interest rates at which interest income was earned on such assets and interest expense was incurred on such liabilities. For the purposes of this table, the average balances of assets and liabilities for the Group have been calculated on the basis of monthly averages, which is the average of the January to December month-end balances for each of the years presented. Investors should note that the results of the analysis of average balances and interest rates below would be likely to be different if alternative or more frequent averaging methods were used and such differences could be material. The average balances and related data presented in this Base Prospectus are based on materially less frequent average methods than those used by other banks in the United States, Western Europe and other jurisdictions, in connection with similar offers of securities. The average rates below are calculated by dividing aggregate interest income or expense for the relevant line item by the average balance for the same item for the applicable year. Average interest rates are distinct from the effective interest rates presented in the consolidated financial statements of the Group.

	For the six months ended 30 June					
	2021			**2020**		
	Average Balance	**Interest Income/ Expense**	**Average Rate%**	**Average Balance**	**Interest Income/ Expense**	**Average Rate%**
	(₦ millions, except percentages)					
Interest-earning assets:						
Cash and cash equivalents	1,029,217	5,167	1%	707,527	5,390	2%
Trading assets[(1)]	67,592	40,091	119%	195,798	34,732	35%
Investment securities	1,959,150	92,097	9%	1,502,463	39,270	5%
Loans and advances to banks	311,834	7,952	5%	311,342	6,724	4%
Loans and advances to customers[(2)]	3,383,626	174,427	10%	3,026,610	160,607	11%
Total interest-earning assets	**6,751,418**	**319,734.01**	**10%**	**5,743,739**	**246,723**	**9%**
Interest-bearing liabilities:						
Deposits from banks	1,284,443.00	30,501.98	5%	1,289,277	34,066	5%
Deposits from customers	5,406,273.76	56,773.49	2.10%	4,459,471	63,827	3%
Debt securities	171,596.16	10,144.25	12%	162,046	9,459	12%
Other borrowings	706,912.57	22,246.47	6%	531,634	13,164	5%
Total interest-bearing liabilities	**7,569,225**	**119,666.18**	**3%**	**6,442,428**	**120,515**	**4%**
Net interest spread[(3)]			6%			5%
Net interest income		200,068			126,207	
Net interest margin[(4)]		5.93%			4%	

(1) Includes trading assets and pledged assets, but excludes equity securities, as these securities are not interest earning. Trading income from treasury bills has been excluded from interest income.

(2) Average balances are net of impairment allowance.

(3) Net interest spread represents the difference between the average rate of interest earned on interest-earning assets and the average rate of interest accrued on interest-bearing liabilities.

(4) Net interest margin is calculated as the Group's net interest income divided by the average balance of the Group's total interest-earning assets during the applicable period.

	For the year ended 31 December								
	2020			2019			2018		
	Average Balance	Interest Income/ Expense	Average Rate%	Average Balance	Interest Income/ Expense	Average Rate%	Average Balance	Interest Income/ Expense	Average Rate%
				(₦ millions, except percentages)					
Interest-earning assets:									
Cash and cash equivalents	732,882	11,955	2%	790,174	9,211	1%	490,082	15,029	3%
Trading assets[(1)]	237,601	63,551	27%	105,689	83,297	79%	47,216	20,607	44%
Investment securities	1,546,133	91,087	6%	1,517,202	110,129	7%	735,013	83,209	11%
Loans and advances to banks	357,551	13,088	4%	166,551	5,575	3%	105,176	2,233	2%
Loans and advances to customers[(2)]	3,150,124	309,536	10%	2,626,646	328,636	13%	2,057,638	259,837	13%
Total interest-earning assets	**6,024,291**	**489,217**	**8%**	**5,206,262**	**536,847**	**10%**	**3,435,124**	**380,915**	**11%**
Interest-bearing liabilities:									
Deposits from banks	1,096,563	58,239	5%	1,203,361	44,109	4%	806,417	39,105	5%
Deposits from customers	4,830,444	118,437	2.45%	3,680,132	168,565	4.58%	2,309,099	125,109	5.42%
Debt securities	163,657	19,306	12%	205,770	22,913	11%	292,282	32,379	11%
Other borrowings	588,431	58,239	5%	480,331	24,031	5%	336,928	10,744	3%
Total interest-bearing liabilities	**6,679,095**	**226,267**	**3%**	**5,569,594**	**259,618**	**5%**	**3,744,726**	**207,337**	**6%**
Net interest spread[(3)]			**5%**			**6%**			**6%**
Net interest income		**262,950**			**277,229**			**173,578**	
Net interest margin[(4)]		**4.36%**			**5.32%**			**5.05%**	

(1) Includes trading assets and pledged assets, but excludes equity securities, as these securities are not interest earning. Trading income from treasury bills has been excluded from interest income.

(2) Average balances are net of impairment allowance.

(3) Net interest spread represents the difference between the average rate of interest earned on interest-earning assets and the average rate of interest accrued on interest-bearing liabilities.

(4) Net interest margin is calculated as the Group's net interest income divided by the average balance of the Group's total interest-earning assets during the applicable period.

Interest-earning assets: yield, margin and spread

The following table sets forth the Group's net interest income, yield, margin and spread for the six months ended 30 June 2021 and 2020 and for years ended 31 December 2020, 2019 and 2018.

	For the six months ended 30 June	
	2021	2020
	(₦ millions, except percentages)	
Net interest income		
Naira	176,197	114,403
Foreign currency	23,871	11,804
Total	**200,068**	**126,207**
Yield on interest-earning assets		
Naira	12.12%	9.87%
Foreign currency	6.42%	6.83%
Total	**9.47%**	**8.59%**
Yield on interest-bearing liabilities		
Naira	3.88%	3.59%
Foreign currency	3.88%	4.60%
Total	**3.16%**	**3.59%**
Net interest margin[(1)]		
Naira	9.74%	9.87%
Foreign currency	6.42%	6.83%
Total	**5.93%**	**4.39%**
Net interest spread[(2)]		
Naira	9.74%	7.14%
Foreign currency	2.54%	2.23%
Total	**6.31 %**	**5.00%**

(1) Net interest margin is calculated as the Group's net interest income divided by the average balance of the Group's total interest-earning assets during the applicable period. Average balances of total interest-earning assets are calculated as the average of monthly balances during the applicable period.

(2) Net interest spread is calculated as the difference between the average interest rate on the Group's interest-bearing assets and the average interest rate on the Group's interest-bearing liabilities. Interest-earning assets and interest-bearing liabilities are calculated as the average of monthly balances during the applicable period

	For the year ended 31 December		
	2020	2019	2018
	(₦ millions, except percentages)		
Net interest income			
Naira	234,481	246,980	131,161
Foreign currency	28,469	30,249	42,417
Total	**262,950**	**277,229**	**173,578**
Yield on interest-earning assets			
Naira	9.0%	11.9%	16.74%
Foreign currency	6.8%	7.7%	7.02%
Total	**8.1%**	**10%**	**11.09%**
Yield on interest-bearing liabilities			
Naira	2.40%	5.11%	8.01%
Foreign currency	4.52%	4.27%	4.11%
Total	**3.4%**	**4.7%**	5.54%
Net interest margin[1]			
Naira	7%	8%	9.12%
Foreign currency	1%	1%	2.12%
Total	**4%**	**5%**	**5.05%**
Net interest spread[2]			
Naira	6.62%	6.8%	8.73%
Foreign currency	2%	3%	2.91%
Total	**5%**	**6%**	**5.55%**

(1) Net interest margin is calculated as the Group's net interest income divided by the average balance of the Group's total interest-earning assets during the applicable period. Average balances of total interest-earning assets are calculated as the average of monthly balances during the applicable period.

(2) Net interest spread is calculated as the difference between the average interest rate on the Group's interest-bearing assets and the average interest rate on the Group's interest-bearing liabilities. Interest-earning assets and interest-bearing liabilities are calculated as the average of monthly balances during the applicable period.

Net changes in interest income and interest expense - Volume and rate analysis

The following table provides a comparative analysis of net changes in interest income and interest expense of the Group by reference to changes in the average volume and average rates for the periods indicated. Net changes in net interest income are attributed to either changes in average balances (volume change) or changes in average rates (rate change) for interest-earning assets and interest-bearing liabilities on which interest is earned or incurred. Changes in interest income or interest expense are attributed to either (i) changes in average balances (volume change) of interest-bearing assets or interest-bearing liabilities or (ii) changes in average rates (rate change) at which interest income was earned on such assets or at which interest expense was incurred on such liabilities or (iii) changes in rate/volume. Volume change is calculated as the change in volume multiplied by the previous rate, while rate change is the change in rate multiplied by the previous volume. The rate/volume change (change in rate multiplied by change in volume) is allocated between volume change and rate change at the ratio each component bears to the absolute value of its total. See "—*Average balances and interest rates*" above for an explanation of the calculation of the average balances.

	Change from 30 June 2021 to 30 June 2020			
	Volume	Rate	Volume/Rate	Net change
	(₦ millions)			
Interest-earning assets:				
Cash and cash equivalents	2,451	(1,838)	(836)	(223)
Trading assets[1]	(22,742)	81,403	(53,302)	5,359
Investment securities	11,936	31,359	9,532	52,827
Loans and advances to banks	11	1,215	2	1,228
Loans and advances to customers	18,945	(4,584)	(541)	13,821
Total	**10,601**	**107,555**	**(45,144)**	**73,011**
Interest-bearing liabilities:				
Deposits from banks	(128)	(3,449)	13	(3,564)
Deposits from customers	13,551	(16,996)	(3,608)	(7,053)
Debt securities	557	121	7	686

	Change from 30 June 2021 to 30 June 2020			
	Volume	Rate	Volume/Rate	Net change
	(₦ millions)			
Other borrowings	4,340	3,566	1,176	9,082
Total	**18,321**	**(16,757)**	**(2,413)**	**(849)**

(1) Includes trading assets and pledged assets, but excludes equity securities, as these securities are not interest earning.

	Change from 31 December 2020 to 31 December 2019				Change from 31 December 2019 to 31 December 2018				Change from 31 December 2018 to 31 December 2017			
	Volume	Rate	Volume /Rate	Net change	Volume	Rate	Volume /Rate	Net change	Volume	Rate	Volume /Rate	Net change
	(₦ millions)											
Interest-earning assets:												
Cash and cash equivalents	(668)	3,679	(267)	2,744	9,203	(9,316)	(5,705)	(5,818)	(152)	12,237	(534)	11,551
Trading assets(1)	103,963	(55,028)	(68,681)	(19,746)	25,521	16,605	20,564	62,689	17,963	(13,404)	(9,445)	(4,886)
Investment securities	2,100	(20,747)	(396)	(19,042)	88,549	(29,856)	(31,772)	26,921	11,180	11,974	2,319	25,472
Loans and advances to banks	6,393	522	599	7,514	1,303	1,287	751	3,342	1,738	(1,045)	(782)	(90)
Loans and advances to customers	65,496	(70,538)	(14,058)	(19,100)	71,854	(2,393)	(662)	68,799	28,820	171	21	29,013
Total	**177,284**	**(142,111)**	**(82,803)**	**(47,630)**	**196,430**	**(23,674)**	**(16,824)**	**155,932**	**59,549**	**9,932**	(8,421)	61,061
Interest-bearing liabilities:												
Deposits from banks	(3,915)	19,802	(1,757)	14,130	19,248	(9,546)	(4,699)	5,004	28,253	(2,180)	(3,684)	22,389
Deposits from customers	52,689	(78,332)	(24,485)	(50,128)	74,284	(19,343)	(11,485)	43,456	13,031	18,127	2,585	33,744
Debt securities	(4,689)	1,360	(278)	(3,608)	(9,584)	168	(50)	(9,465)	(3,733)	183	(19)	(3,569)
Other borrowings	5,408	691	155	6,254	4,573	6,112	2,601	13,286	1,541	(2,819)	(351)	(1,629)
Total	**49,493**	**(56,479)**	**(26,365)**	**(33,351)**	**88,522**	**(22,609)**	**(13,632)**	**52,281**	**38,649**	**90,930**	129,579	259,158

(1) Includes trading assets and pledged assets, but excludes equity securities, as these securities are not interest earning.

Deposits

The following table shows the composition of the Group's average deposits, and the average rate paid on such deposits, for the periods indicated. For the purposes of this table, the average deposits and average rates on deposits for the Group have been calculated on the basis of monthly averages.

	For the six months ended 30 June 2021	
	Volume	Rate
	(₦ millions, except percentages)	
Domestic branches:		
Non-interest-bearing demand deposits	573,505	0.00%
Interest-bearing demand deposits	1,256,183	0.38%
Savings deposits	1,295,355	0.82%
Time deposits	1,747,208	3.80%
Total domestic deposits	**4,872,252**	**1.68%**
Foreign branches	1,102,504	2.89%
Total deposits	**5,974,756**	**1.90%**

	As at 31 December					
	2020		2019		2018	
	Volume	Rate	Volume	Rate	Volume	Rate
	(₦ millions, except percentages)					
Domestic branches:						
Non-interest-bearing demand deposits	480,181	0.00%	350,710	0.00%	142,493	0.00%
Interest-bearing demand deposits	1,511,800	1.44%	1,181,557	2.09%	691,563	1.81%
Savings deposits	1,254,412	1.64%	819,132	1.18%	234,586	2.36%
Time deposits	1,586,352	3.31%	114,286	8.68%	990,097	8.88%
Total domestic deposits	**4,832,744**	**1.96%**	**2,465,685**	**4.05%**	**2,058,739**	**5.15%**
Foreign branches	754,674	3.11%	587,497	3.52%	506,169	3.78%
Total deposits	**5,587,418**	**2.12%**	**3,053,183**	**3.98%**	**2,564,908**	**4.88%**

The following table sets forth the maturity analysis of time deposits of the Group as at 31 December 2020.

	Three months or less	From over three months to six months	From over six months to 12 months	Over 12 months
	(₦ millions)			
Issued by domestic offices	989,371	584,741	11,672	568

	Three months or less	From over three months to six months	From over six months to 12 months	Over 12 months
		(₦ millions)		
Issued by foreign offices	39,339	349,691	-	-
Total	**1,028,710**	**934,432**	**11,672**	**568**

Loan portfolio

Distribution of loans by economic sector

The following sets forth the Group's gross loans and advances to customers by economic sector as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	**2020**	**2019**	**2018**
		(₦ millions)		
Agriculture	55,657	46,605	33,346	17,002
Capital market	-	-	-	-
Construction	325,458	281,673	219,709	174,361
Education	5,509	6,646	1,673	1,396
Finance and insurance	80,109	64,194	42,269	37,205
General	254,983	199,551	162,272	85,519
General commerce	326,646	334,621	360,174	270,266
Government	293,073	233,660	222,679	232,328
Information and communication	186,427	166,886	150,343	57,809
Other Manufacturing (Industries)	160,876	110,757	96,217	90,514
Basic Metal Products	46,974	46,577	44,740	4,514
Cement	60,651	42,616	33,722	23,627
Conglomerate	187,947	112,881	79,972	37,437
Steel rolling mills	88,570	86,001	116,074	92,211
Flourmills And Bakeries	9	9	13,305	2,566
Food Manufacturing	90,386	180,996	145,706	10,175
Oil & Gas - Downstream	161,999	136,630	148,712	97,003
Oil & Gas - Services	577,894	593,062	480,719	247,439
Oil & Gas - Upstream	255,342	228,927	240,938	142,559
Crude oil refining	15,010	15,351	45,851	42,073
Real estate activities	269,173	250,514	241,219	224,231
Transportation and storage	130,842	116,636	99,159	114,409
Power and energy	25,623	25,237	25,424	9,170
Others	104,078	85,222	96,037	22,758
Total	**3,705,283**	**3,367,161**	**3,102,970**	**2,081,771**

Maturity profile of the Group's loan portfolio

The following table sets forth the maturity analysis of the net loans and advances to customers as at the dates indicated.

	Due within 1 month	Due within 1 to 3 months	Due within 3 to 6 months	Due within 6 to 12 months	Over 12 months	Total
			(₦ millions)			
As at 30 June 2021	311,995.44	371,709.55	180,793.75	279,460.72	2,438,987.87	3,582,947.32
As at 31 December 2020	229,819.01	336,562.24	180,076.94	245,991.53	2,225,657.31	3,218,107.03
As at 31 December 2019	281,294.48	317,727.11	130,854.98	203,449.96	1,978,253.18	2,911,579.71
As at 31 December 2018	153,532.21	133,874.45	79,034.89	263,193.67	1,363,971.02	1,993,606.23

Loan concentration

The following table sets forth information on the Group's exposure to borrowers with the ten largest balances of outstanding loans, which constituted 22.61% of total gross loans and advances, as at 31 December 2020.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
		(₦ millions)		
Loans extended to the Bank's 10 largest borrowers........	1,290,108.81	1,163,373.94	736,478.60	617,091.04
Loans extended to other borrowers.................................	2,824,470.08	2,597,260.51	2,520,942.05	1,607,249.73
Total gross loans and advances	**4,114,578.89**	**3,760,634.45**	**3,257,420.65**	**2,224,340.78**

Geographical distribution of the Group's loan portfolio

The following sets forth the geographical distribution of the Group's gross loans and advances to customers as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
		(₦ millions)		
Abuja & North West	103,879.61	108,802.99	88,465.02	96,646.58
North Central..	35,215.99	34,847.94	27,767.41	20,404.04
North East	41,522.47	39,713.08	36,374.56	34,459.45
South East	40,203.73	38,238.14	45,772.88	10,415.62
South South...	435,326.51	446,205.34	311,632.27	248,472.76
South West	2,540,121.55	2,270,110.79	2,152,610.94	1,348,639.37
Nigeria...	3,196,269.86	**2,937,918.27**	**2,662,623.09**	**1,759,037.81**
Rest of Africa	243,607.78	150,351.82	212,505.18	220,294.69
Europe...	265,405.34	278,891.17	227,842.17	102,438.53
Others..	0	0.00	0.00	0.00
Total	**3,705,282.98**	**3,367,161.26**	**3,102,970.45**	**2,081,771.03**

Non-performing loans

Loans by credit quality classification

The following tables show the Group's loans by credit quality classification as at the dates indicated.

	Loans and advances to customers				Loans and advances to banks			
	As at 30 June	As at 31 December			As at 30 June	As at 31 December		
	2021	2020	2019	2018	2021	2020	2019	2018
				(₦ millions)				
Carrying amount......	3,582,947.33	3,218,107.03	2,911,579.71	1,993,606.23	408,021.14	392,821.31	152,825.08	142,489.54
STAGE 1................	3,113,442.96	2,732,145.27	1,963,939.74	1,590,192.23	409,135.09	393,333.13	152,283.37	142,467.28
STAGE 2................	413,410.74	473,913.24	952,735.09	436,231.75	-	-	-	-
STAGE 3................	178,429.28	161,102.75	186,295.61	55,347.05	160.83	140.06	2,166.84	102.46
TOTAL	3,705,282.98	**3,367,161.26**	**3,102,970.45**	**2,081,771.03**	409,295.91	**393,473.19**	**154,450.20**	**142,569.75**
IMPAIRMENT......	122,335.65	149,054.24	191,390.74	88,164.79	1,274.78	651.88	1,625.12	80.20

	Off Balance Sheet			
	As at 30 June	As at 31 December		
	2021	2020	2019	2018
		(₦ millions)		
Carrying amount..	817,723.98	821,607.76	771,690.86.47	758,362.28
STAGE 1..	792,097	806,475.77	746,120.05	758,102.48
STAGE 2..	28,751	17,872.02	25,134.56	590.79
STAGE 3..	0	0.00	4,789.30	1,151.93
TOTAL	**820,848.31**	**824,347.79**	**776,043.91**	**759,845.21**
IMPAIRMENT..	3,124	2,740.03	4,526.44	1,482.93

Loans and advances under close monitoring

The following table sets forth the breakdown of the Group's performing but past due loans as at the dates indicated.

	As at 30 June		As at 31 December		
	2021	2020	2020	2019	2018
			(₦ millions)		
Non-performing loans..	178,590	156,480.21	161,242.81	188,462.45	55,449.51

Distribution of non-performing loans by sector

The following table presents the Group's non-performing loans by sector as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
		(₦ millions)		
Agriculture	6,919.12	5,338.33	4,618.92	1,049.98
Capital market	0.00	0.00	0.00	0.00
Construction	6,422.12	5,553.59	14,551.20	4,065.31
Education	372.83	236.01	75.06	208.83
Finance and insurance	253.13	198.06	5,437.13	4,907.52
General	14,213.96	9,409.12	7,243.86	7,175.15
General commerce	62,156.80	25,701.05	19,605.24	14,981.13
Information and communication	1,585.00	940.27	241.46	478.41
Manufacturing	35,958.87	29,597.44	25,736.69	17,940.79
Oil & gas	16,043.98	69,009.33	96,798.20	3,702.82
Real estate activities	19,104.22	10,314.00	7,900.17	4.06
Transportation and storage	14,066.46	3,990.42	3,699.22	459.77
Other	1,332.80	815.13	388.46	373.28
Total	**178,429.28**	**161,102.75**	**186,295.61**	**55,347.05**

Distribution of non-performing loans by geography

The following table presents the Group's non-performing loans by geography as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
		(₦ millions)		
Nigeria:				
Abuja & North West	6,013.82	5,630.00	12,856.22	9,746.54
North Central	730.17	827.02	682.62	149.84
North East	307.18	239.86	609.92	67.10
South East	4,370.30	3,362.49	2,856.33	798.74
South South	7,245.50	61,568.22	43,119.48	3,927.51
South West	69,375.85	44,055.67	110,254.60	29,453.99
Nigeria	88,042.82	**115,683.25**	**170,379.17**	**44,143.72**
Rest of Africa	13,252.66	2,200.50	15,916.44	11,203.33
Europe.	77,133.80	43,219.00	0.00	0.00
Total	**178,429.28**	**161,102.75**	**186,295.61**	**55,347.05**

Changes in provision for loan impairment

The following table sets out details of movements in the Group's provision for loan losses for the periods indicated.

	As of 30 June	Year ended 31 December		
	2021	2020	2019	2018
		(₦ millions)		
Balance at the beginning of the period/year	149,714.04	193,015.86	88,245.00	142,979.1
Acquired through business combination	-	-	169,228.21	-
Impairment loss for the period/year:				
Net impairment for the period/year	27,616.45	61,535.08	21,570.10	14,183.66
Effect of foreign currency movements	3825.808	2,483.05	6,496.85	
Write-offs	(57,546)	(107,319.95)	(92,524.29)	(68,877.30)
Balance at the end of the period	**123,610.43**	**149,714.04**	**193,015.86**	**88,245.00**

(1) Averages based on opening and closing balances of the Group.

Investment securities

The following table sets out details of the Group's investment securities as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
		(₦ millions)		
Bonds	702,479	632,812	470,318	267,527
Equity securities with readily determinable fair values	165,349.33	141,766	113,158	109,420

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
		(₦ millions)		
Unquoted equity securities at cost	-	-	-	59
Treasury bills	1,505,532.27	1,285,480	1,224,851	716,936
Less specific impairment for unquoted equity securities at cost	-	-	-	-
Total investment securities	**2,434,528**	**2,186,047**	**1,819,979**	**1,093,943**

The following table shows the contractual maturity distributions of securities held as at the dates indicated.

	Maturity periods					
	Due within 3 months	Due within 3 to 12 months	Over 12 months	Total net	Allowance for impairment	Total gross
			(₦ millions)			
As at 30 June 2021	196,711	1,081,198	1,156,618	2,434,528	1,172	2,435,700
31 December 2020	246,742	1,094,939	844,366	2,186,047	609	2,186,656
31 December 2019	774,590	431,469	613,920	1,819,979	559	1,820,539
31 December 2018	339,972	441,939	312,032	1,093,943	17,368	1,111,311

Contractual commitments

The following table sets forth the Group's contractual commitments as at the dates indicated.

	As at 30 June	As at 31 December		
	2021	2020	2019	2018
		(₦ millions)		
Letters of credit[(1)]	354,930	445,539	419,585	307,762
Guarantees[(2)]	465,919	378,809	477,933	452,084

(1) Letters of credit includes foreign exchange forwards transactions.
(2) Guarantees include guaranteed Bas/CP and transaction-related bonds and guarantees.

Return on assets and equity

The following table shows the Group's return on assets and equity as at the dates indicated.

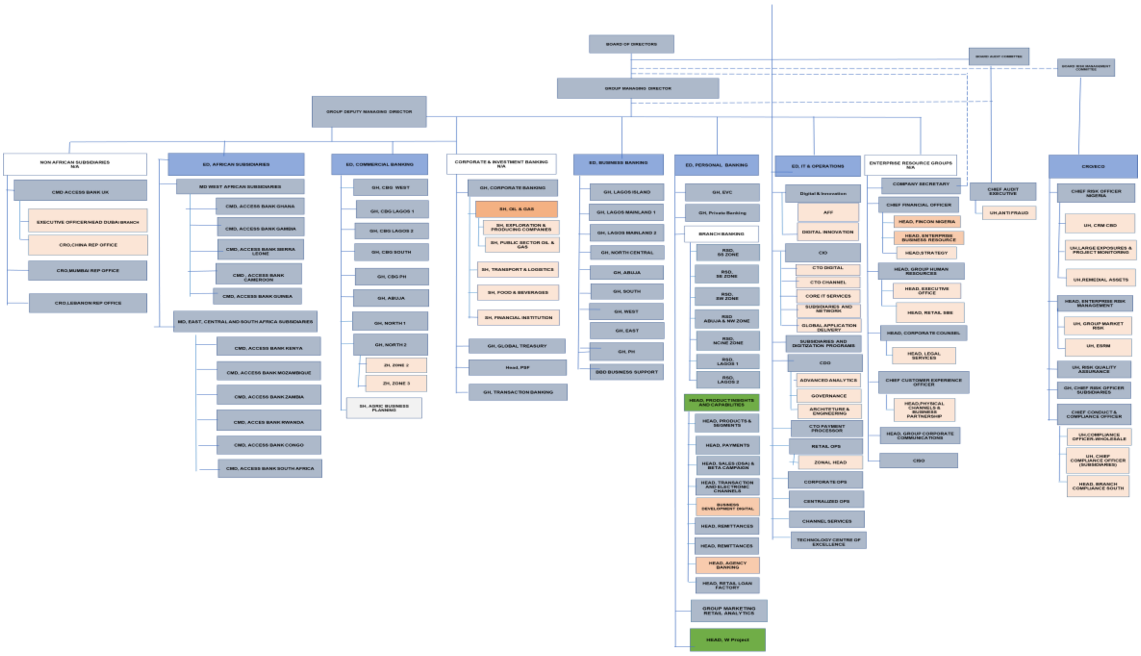
	For the six months ended 30 June	For the year ended 31 December		
	2021	2020	2019	2018
		(₦ millions, except percentages)		
Net profit	86,935.52	106,010	94,057	94,981
Average total assets	9,367,299.0	7,911,452	6,048,657	4,528,200
Return on average total assets (%)	1.9%	1.3%	1.6%	2.1%
Return on average total equity (%)	22.8%	15.6%	17.1%	19.0%
Average equity	763,237	678,891	548,626	500,853

DIRECTORS AND SENIOR MANAGEMENT

Overview of Nigerian Company Law

The Companies and Allied Matters Act, 2020 (CAMA) regulates the affairs of companies in Nigeria while the Banks and Other Financial Institutions Act, 2020 (BOFIA) regulates the conduct of banking operations and business. Under the Nigerian law, a company acts directly through its shareholders or its board of directors or indirectly through officers or agents appointed by, or under the authority derived from, the shareholders or the board of directors. Every company is required to register a copy of its memorandum and articles of association with the Corporate Affairs Commission. Once registered, the memorandum and articles of association have the effect of a contract under seal between the company and its shareholders and officers and between the shareholders and officers themselves. The memorandum of association, amongst other things, states the nature of the business of the company and any restrictions on its powers. The respective powers of the shareholders and the board of directors are contained in the articles of association of the company. Except as otherwise contained in the articles, the business of a company is to be managed by the board of directors, who may in turn delegate its powers to board committees or the managing director. The articles of association prescribe the regulations of the company.

The Group's management structure is as follows:



The Board

The Board is comprised of 17 members, including the Chairman, the Group Managing Director/CEO, the Group Deputy Managing Director, six executive directors and nine Non-Executive Directors, which includes four independent Non-Executive directors. In line with best practice and corporate governance standards of the CBN and the Nigerian SEC, there is a separation of powers between the Chairman of the Board and the Group Managing Director.

Responsibilities of the Board

The Board is responsible for ensuring the creation and delivery of sustainable value to the Bank's stakeholders by providing strategic direction and oversight for the Bank's business. The Board is accountable to the shareholders and is responsible for the management of the Bank's relationship with its various stakeholders. The Board ensures that the activities of the Bank are at all times executed within the precinct of applicable laws and regulatory framework. The Bank's Board Charter, is a set of principles adopted by the Board as a definitive statement of corporate governance that defines matters which have been reserved for the Board. The matters reserved for the Board include, but are not limited to, defining the Bank's business strategy and objectives, formulating risk policies and making decisions on the establishment of foreign subsidiaries. Executive Management is accountable to the Board for the development and implementation of these strategies and policies.

Core Duties of Executive and Non-Executive Directors

Both executive and Non-Executive directors owe fiduciary duties and general duties of skill and care to the Group as a whole. Under the CBN's Code of Corporate Governance and the Bank's Board Charter, the core duties of the directors include:

- exercising reasonable skill and care and observing proper standards of market conduct. Directors shall also act in good faith and honesty in carrying out their duties;
- avoiding a conflict of interest between their personal interests and their duties to the Group;
- at all times acting in the Group's best interests and not for any ulterior motive or to benefit themselves or others at the Group's expense;
- having due regard to the interests of the Group's employees;
- ensuring compliance by the Group with all laws and regulations guiding its operations;
- acting with integrity at all times and not engaging in any act that would jeopardise the reputation of the Group; and
- disclosing appropriately any information which requires notification to the statutory authorities.

Director Nomination Process

Section 274 of the CAMA outlines the process for appointing new directors to the Board whereby directors are nominated and then appointed at the Annual General Meeting.

The Board Governance and Nomination Committee is responsible for the succession planning for both executive and Non-Executive directors, and recommends new appointments to the Board, by taking into account the existing range of skills, experience, background and diversity of members currently sitting on the Board, as well as the strategic direction of the Group. The prospective candidates are nominated subject to the approval of the Board, the shareholders and the Central Bank of Nigeria.

Profiles
Dr. (Mrs.) Ajoritsedere Awosika, MFR
Chairman

Dr, (Mrs.) Ajoritsedere Awosika is an accomplished administrator with over three decades' experience in public sector governance. She was at various times the permanent secretary in the Federal Ministries of Internal Affairs, Science & Technology and Power. She is a Fellow of the Pharmaceutical Society of Nigeria and the West African Post Graduate College of Pharmacy. Dr. Awosika received a doctorate degree in pharmaceutical technology from the University of Bradford in the United Kingdom in 1985 and an undergraduate degree in pharmacy. She was appointed to the Board in April 2013 and served as the vice-chairman of the Board Audit Committee and chairman of the Board Credit Committee.

Dr. Awosika sits on the boards of Capital Express Assurance Limited and Josephine Consulting Limited. She became the chairman of the Board on 8 January 2020 following the retirement of Mrs. Mosun Belo-Olusoga.

Mrs. Anthonia Ogunmefun
Non-Executive Director

Mrs Ogunmefun is the managing partner of Kemi Ogunmefun Law Office, a private legal practice based in Canada specialising in immigration, family, real estate and corporate law. She served as the chairperson of the governance committee of Kinark Child and Family Services, a major Canadian childcare trust, and is a non-executive director of LOC Nominees Limited.

Mrs. Ogunmefun obtained her Bachelor of Laws degree from the University of Lagos in 1974. She was called to the Nigerian Bar in 1975 and the Law Society of Upper Canada in 2004. She was appointed to the Board in April 2011. Mrs. Ogunmefun is the Chairman of the Board Risk Management Committee and Vice Chairman of the Human Resources and Sustainability Committee.

Mr. Paul Usoro, SAN
Non-Executive Director

Mr. Usoro is a senior advocate of Nigeria, a fellow of the Chartered Institute of Arbitrators and the founder and senior partner of the law firm of Paul Usoro & Co. He has over 30 years of law practice experience and is acknowledged as a highly experienced litigator and communication law expert.

He is currently a non-executive director of PZ Cussons Nigeria Plc. He was elected president of the Nigerian Bar Association in August 2018 for a two-year term and is a member of the Council of Legal Education. He is also a member of the National Judicial Council, Body of Benchers and Nigerian Institute of Advanced Legal Studies. He represented the Bank as a non-executive director on the board of the now defunct Intercontinental Bank Plc.

He holds a Bachelor of Laws degree from the University of Ife (1981) and was called to the Nigerian Bar in 1982. Mr Usoro joined the Board in January 2014 and currently chairs the Board Human Resources and Sustainability Committee and the Board Technical Committee on Retail Expansion. He is also the Vice-Chairman of the Board Risk Management Committee.

Mr. Adeniyi Adekoya
Independent Non-Executive Director

Mr. Adekoya is a highly experienced maritime and oil and gas industry expert with significant experience in investment banking. He was a one-time general manager of Peacegate Holdings Limited, where he was responsible for setting up and developing the company's marine operations. He was also a consultant to Maine Nigeria Limited where he developed the framework for a private placement to raise USD 500 million in start-up capital and led the company's participation in bid rounds for oil blocks in the Republic of Equatorial Guinea.

Mr. Adekoya worked with Mobil Oil Producing Nigeria Unlimited as a budget officer in its exploration department and obtained financial service industry experience from AIM Fund and Trimark Investment Service, both of which are based in Ontario, Canada. Mr. Adekoya holds a bachelor's degree in business administration from the University of Lagos.

He joined the Board in March 2017 and currently chairs the Board Audit Committee and Board Digital and Information Technology Committee. He is also the Vice-Chairman of the Board Governance, Nomination and Remuneration Committee. He sits on the boards of Synerpet Limited and Weston Integrated Services Limited.

Mr. Iboroma Akpana
Independent Non-Executive Director

Mr. Akpana is the managing partner of Solola & Akpana, one of the leading commercial and oil and gas law firms in Nigeria. He is a corporate and commercial lawyer with a career spanning over two decades. Mr. Akpana has a proven track record of academic excellence. He graduated as a top student in law from the University of Jos and obtained a master's degree from Harvard Law School. He is a notary of the Federal Republic of Nigeria.

Based on his work, he was recognised in the Chambers Global 2006, 2007, 2008 and 2009 editions as a 'Leading Individual' in Nigeria in its corporate and commercial sections. Similarly, the International Financial Law Review 1000 ranked him as a Leading Lawyer in Nigeria in its 2006, 2007, 2008 and 2009 editions, The Legal 500 Europe, Middle East and Africa profiled him as a "Recommended Individual".

Mr. Akpana is a member of the International Bar Association, American Bar Association, New York State Bar Association, Nigerian Bar Association and the Law Society of England and Wales. He joined the Board in March 2017 and chairs the Board Governance, Nomination and Remuneration Committee. He is also the Vice-Chairman of the Board Audit Committee and Board Credit Committee. He sits on the boards of AMNI International Petroleum Development Company Limited and Contractors Plus Limited.

Ifeyinwa Osime
Independent Non-Executive Director

Mrs. Osime is a versatile and results oriented professional with over 30 years' experience at both management and board levels in the insurance industry and in commercial legal practice. She has deep knowledge and experience in the management of administrative, legal, and company secretarial functions in financial and other related institutions.

She had championed and established a special needs programme which is actively involved in the management and care of children and young people with special needs. She is currently engaged in legal practice with Macpherson Legal Practitioners, a Lagos-based law firm. She is an independent non-executive director at coronation Life Insurance Limited.

Mrs. Osime was previously the chairperson of PHB Healthcare Limited, a director at Bank PHB Plc (now Keystone Bank Limited) and a director of insurance at PHB Limited (now KBL Insurance). She was the company secretary/ legal adviser of the African Development Insurance Company Limited (now NSIA Insurance) between 1989 and 1997. She holds an LLM from the University of London (1989) with a specialisation in corporate and commercial law and she holds an LLB from the University of Benin (1986).

She joined the Board in November 2019 and is the Vice-Chairman of the Board Digital and Information Technology Committee.

Dr. Okey Nwuke, FCA
Non-Executive Director

Dr. Okey Nwuke has over 28 years' experience in finance and corporate governance, working with top corporates and leading commercial banks in Nigeria. He is a fellow of both the Institute of Chartered Accountants of Nigeria and Chartered Institute of Taxation of Nigeria, an honorary member of the Chartered Institute of Bankers of Nigeria and a member of Business Recovery and Insolvency Practitioners.

He has garnered considerable expertise in credit analysis and bank financial management through professional training as a chartered accountant, from other relevant training programmes and on the job training. He was an executive director of the Bank from 2004 to 2013 and served as the Chairman of the Board of Directors of the Bank's subsidiaries in Rwanda and Burundi. Dr. Nwuke was a non-executive director of Stanbic IBTC Pension Managers Limited, representing the Bank.

Dr. Nwuke's key competencies include finance, strategy development and execution, organisational restructuring and transformation, leadership and change management. He joined the board of Coscharis Group in August 2014 and is currently responsible for its sustainability strategy. He currently chairs the shareholders' audit committee of NASCON Plc and sits on the boards of First Ally Asset Management Limited and Simply Gifts and Interiors Limited.

He holds a B.Sc. in accountancy from University of Nigeria, Nsukka and an MBA (with distinction) in international banking and finance from the Birmingham Business School in the United Kingdom. Dr. Nwuke holds a doctorate degree in business administration from Walden University in Minnesota, USA specialising in leadership transition challenges in family businesses. He has been exposed to several leadership and professional development programmes at renowned institutions including Harvard Business School (AMP 175), the Wharton Business School, INSEAD and IMD.

He joined the Board in November 2019 and chairs the Board Credit Committee. He is also the Vice-Chairman of the Board Technical Committee on Retail Expansion.

Mr. Hassan M.T Usman FCA
Independent Non-Executive Director

Mr. Usman is the founder and CEO of New Frontier Development Limited, an investment company focused on financial advisory, hospitality, real estate and proprietary investments in start-ups and challenged companies in the SME space. He is also the Founder and chairman of the board of trustees of the Al-Qalam (Pen) Foundation, a not-for-profit organisation that provides educational opportunities to disadvantaged children.

Prior to this, he was the managing director/ and CEO of Aso Savings and Loans Plc and an executive director at Abuja Investment and Property Development Company Limited. He was at various times the deputy director and head of petrochemicals and gas unit, member of the transport sector reform team, deputy director of telecoms reform, team lead and head of Nigerian Telecommunications Limited privatisation at the Bureau of Public Enterprises. He has also worked with the CBN, Arthur Andersen and CitiBank Nigeria.

Mr. Usman holds a Bachelor of Arts degree in Economics from University of Sussex and a Master of Philosophy in development economics from the University of Cambridge. He is a fellow of the Institute of Chartered Accountants of England and Wales. Mr. Usman is also an Eisenhower fellow and Archbishop Desmond Tutu Fellow of the African Leadership Institute.

Over the years, he has served as a member of the board of directors of the Nigeria Sovereign Investment Authority, Nigeria Mortgage Refinance Company and Council of the Nigeria Stock Exchange

Mr. Usman joined the Board in August 2020.

Mrs. Omosalewa Fajobi
Non-Executive Director

Mrs. Fajobi is an experienced operations executive, legal counsel and governance professional with a demonstrated history of working in the financial, investment and legal services industries. She is currently an operating director at Tengen Family Office Limited.

She is a versatile solicitor with strong competencies in negotiation, business risk management and financial analysis who has provided support in setting up companies across different sectors, creating operational bases that have proved effective and efficient. Mrs. Fajobi worked with the International Finance Corporation from May 2014 to June 2017 as project lead for Nigeria for the Africa Corporate Governance Programme. She also had extensive corporate counsel experience working at Standard Chartered Bank, the Bank and the now defunct Ocean Bank Plc.

She holds an LLM Degree (with merit) from University of London (2009) with a specialisation in corporate and commercial Law and a second-class upper degree from the University of Lagos (1999). She is a member of the Nigerian Bar Association. Mrs Fajobi sits on the board of Coronation Insurance Plc, Coronation Securities Limited, One Terminal Limited and Coronation GPS Ltd.

She joined the Board in November 2020.

Mr. Herbert Wigwe- Group Managing Director

Mr. Herbert Wigwe is the Group Managing Director. He was an executive director of Guaranty Trust Bank Plc prior to joining the Bank in 2002 as Deputy Managing Director.

He holds a first degree from the University of Nigeria, a master's degree in banking and international finance from the University College of North Wales and a master's degree in financial economics from University of London.

He is an alumnus of the Harvard Business School, a fellow of the Institute of Chartered Accountants of Nigeria, a fellow of the Institute of Credit Administration and an honorary member of the Chartered Institute of Bankers of Nigeria.

Mr. Roosevelt Ogbonna - the Group Deputy Managing Director

Mr. Roosevelt Ogbonna was appointed as the Group Deputy Managing Director in 2017. He was previously the executive director of the Bank's Wholesale Banking Division. He possesses very deep technical, business development and leadership skills.

He is a fellow of the Institute of Chartered Accountants of Nigeria and holds a second-class upper degree in banking and finance from the University of Nigeria, Nsukka. He is also a chartered financial analyst and has attended the executive management development programmes of several leading institutions.

Mr. Victor Etuokwu - Executive Director

Mr. Victor Etuokwu is the Executive Director of Personal Banking at the Bank. He has over 20 years of banking experience encompassing banking operations, retail banking, internal control, business acquisition and integration.

Mr. Etuokwu holds a B.Sc and an MBA from the Universities of Ibadan and Benin respectively. He is an honorary senior member of the Chartered Institute of Bankers of Nigeria.

Dr. Gregory Jobome - Executive Director

Dr. Gregory Jobome is the Executive Director of Risk Management at the Bank. He has over two decades of experience across banking and academia. Dr. Jobome has held several key industry leadership positions.

He holds a B.Sc. in economics from the University of Maiduguri, an MBA from Obafemi Awolowo University, an M.Sc and PhD both in economics and finance from Loughborough University in the United Kingdom. Dr. Jobome is a member of the working Group on regulatory reforms of the Institute of International Finance.

Ms. Hadiza Ambursa- Executive Director

Ms. Hadiza Ambursa is the Executive Director of Commercial Banking North at the Bank. She has over two decades of banking experience at Guaranty Trust Bank and the Bank. Her experience spans across transaction services, public sector transactions, commercial banking and corporate finance. Prior to joining the Bank in 2003, she was a relationship manager public sector division at Guaranty Trust Bank Plc.

She graduated with a B.Sc in political science (1991) and M.A in law and diplomacy (1996) from the University of Jos. She received an MBA in 2009 from the Massachusetts Institute of Technology. She has attended several executive management programmes at leading institutions including Harvard Business School and the Massachusetts Institute of Technology.

Mr. Adeolu Bajomo- Executive Director

Mr. Adeolu Bajomo is the Executive Director of Information Technology and Operations at the Bank. He has over three decades of experience working in academia, scientific research and information technology in the banking, insurance and capital market sectors. Before joining the Bank, Mr. Bajomo was the executive director market operations and technology at the NGX where he worked on market-wide transformation initiatives that firmly established the NGX as the second largest bourse in Africa by market capitalisation. Prior to his work at the NGX, Mr. Bajomo had worked as regional head of the transformation programme at Barclays Bank Plc UK, head of IT strategy and systems at Pearl Insurance Group UK and IT director at Fortis Bank UK (1997-2006), amongst other leadership roles.

He holds an MBA from CASS Business School, an M.Sc, in information systems engineering from South Bank University, London and a B.S.c in civil engineering from University of Ife. Mr. Bajomo is a chartered member of the British Computer Society and a member of the Institute of Directors.

Mrs. Chizoma Okoli -Executive Directors

Mrs. Chizoma Okoli is the Executive Director of the Business Banking Division of the Bank. She has over two decades of banking experience spanning commercial and consumer banking, corporate banking and business development. Prior to joining the Bank, she was the executive director of business development at Diamond Bank.

She studied law at the University of Benin and subsequently obtained an MBA from Warwick Business School Coventry in the United Kingdom.

She is a member of the Lagos Business School alumni, the Wharton School of the University of Pennsylvania alumni and an honorary senior member of the Chartered Institute of Bankers of Nigeria.

Mr. Oluseyi Kumapayi - Executive Director

Mr. Seyi Kumapayi is the Executive Director of African Subsidiaries of the Bank. Prior to his appointment, he was the Group Chief Financial Officer of the Bank, a position he held for 12 years. He has over 20 years of progressive banking experience spanning across finance, strategy, risk management and treasury. He joined the Bank in 2002 as the Head of Financial Control and Credit Risk Management. Prior to joining the Bank, he held controller and analyst positions with First City Monument Bank Limited and Guaranty Trust Bank Plc, respectively.

Mr. Kumapayi is an alumnus of Harvard Business School. He holds a master's degree in mechanical engineering from the University of Lagos and a bachelor's degree in agricultural engineering from the University of Ibadan, Nigeria. He has also attended several executive management development programmes at leading institutions including INSEAD, IMD and the London Business School. He is a fellow of the Institute of Chartered Accountants of Nigeria, and a member of the Global Association of Risk Professionals, the Chartered Institute of Taxation of Nigeria and the Chartered Institution of Bankers of Nigeria.

Business Address of the Board of Directors

The business address of each of the members of the Board is the Bank's registered office.

Save as set out below, there are no potential conflicts of interest between any duties of a member of the Group's Board towards the Group and the director's private interests and/or other duties.

Mr. Wigwe is a shareholder of United Alliance Company of Nigeria, which holds interest in Coronation Securities Limited, a provider of stock broking services to the Group. Coronation Securities Limited holds a proprietary position in listed companies, including the Bank.

Mr. Usoro is partner of Paul Usoro & Co., the Law firm provides legal services to the Group. He is also the chairman of Coronation Securities Limited, that provides stock broking services to the Group. Additionally, Mr. Usoro is a director of Airtel Networks Ltd, a provider of mobile telephone services to the Group.

The potential conflicts of interest listed above mean that, from time to time, a director may have a conflict of interest between his or her duties towards the Group and his or her private interest and other duties as a director and/or shareholder in those companies with which the Group has a business relationship. The Group has put in place clearly articulated Policy that guides the inter-relationships and ensures that transactions between the Group and a counterparty in which a director is interested are concluded on an arm's-length basis.

Board Committees

The oversight functions of the Board are performed through its various committees, namely: the Board Credit Committee, the Board Governance, Nomination and Remuneration Committee, the Board Audit Committee, the Board Risk Management Committee, Board Human Resources and Sustainability Committee, Board Digital and Information Technology Committee as well as Board Technical Committee on Retail Expansion. The Board committees meet at regular intervals and report to the full Board on a quarterly basis. These committees are constituted as follows:

Board Credit Committee

This Committee considers and approves loan applications above certain limits (as defined by the Board from time to time) which have been approved by the Management Credit Committee and acts as a catalyst for credit policy changes. The Committee also reviews the credit portfolio and collateral, monitors the implementation of credit risk management policies and approves the sector limits for the credit portfolio.

The Board Credit Committee meets monthly. Membership of the committee includes all the Non-Executive Directors (excluding the Chairman of the Board), the Group Managing Director, the Group Deputy Managing Director and five Executive Directors, as appointed.

Board Governance, Nomination and Remuneration Committee

The Board Governance and Nomination Committee advises the Board on its oversight responsibilities in relation to all matters on corporate governance, sustainability and nominations effecting the Bank, its directors and its employees. Specifically, the Committee is responsible for determining and executing the processes for board appointments, nominations and removal of non-performing directors. The Committee also supervises Management's implementation of the Bank's sustainability agenda.

The committee objectives include ensuring that the Bank's human resources are maximised to support the long-term success of the institution and to protect the welfare of all employees. The committee meets quarterly. Membership of the committee includes six Non-Executive Directors appointed by the Board and the Group Managing Director.

Board Audit Committee

The Board Audit Committee is responsible for ensuring compliance with the Group's accounting and reporting policies; legal and ethical practices; reviewing the scope and planning of audit requirements; making recommendations to the Board on the appointment, removal and remuneration of external auditors; and regularly reviewing the effectiveness of the Group's system of accounting and internal control. The committee assists the Board in fulfilling its oversight responsibility relating to the integrity of the Bank's financial statements and the financial reporting process; the independence and performance of the Bank's internal and external auditors; and the Bank's system of internal control and mechanism for receiving complaints regarding the Bank's accounting and operating procedures. The Bank's Chief Internal Auditor and Chief Compliance Officer have access to the committee and make quarterly presentations to the members of the committee. The committee comprises five Non-Executive Directors appointed by the Board who have extensive knowledge of financial management. The committee is chaired by an Independent Non-Executive Director.

Board Risk Management Committee

The Board Risk Management Committee assists the Board in fulfilling its oversight responsibility relating to the establishment of policies, standards and guidelines for risk management, and compliance with legal and regulatory requirements in the Group. In addition, it oversees the establishment of a formal written policy on the overall risk management system. This committee also ensures compliance with established policies through periodic review of reports provided by management and ensures the appointment of qualified officers to manage the risk function. The committee evaluates the Bank's risk policies on a periodic basis to accommodate major changes in internal or external environment. The committee has eight members, including six Non-Executive Directors, the Group Managing Director, the Group Deputy Managing Director and the Executive Directors in charge of Risk Management and Information Technology and Operations as appointed.

Board Human Resources and Sustainability Committee

The Board Remuneration Committee advises the Board on its oversight responsibilities in relation to the remuneration of the Bank's directors and employees. This committee is responsible for determining and executing the processes for recommending appropriate remuneration for the directors and employees of the Bank. In carrying out its function, this committee will benchmark the salary and benefit structure of its directors and employees against those at similar-sized banks. This committee also advises the Board on employee benefit plans such as pension, share ownership and other retirement plans and material amendments thereto. The committee is comprised of six Non-Executive Directors appointed by the Board. The Chairman and CEO's roles are assumed by different individuals to help ensure a balance of power and authority and the Group aims to ensure that regulatory approvals are always in place before Board appointments are concluded.

Digital and Information Technology Committee

The Digital and Information Technology Committee oversees the end-to-end digital delivery of the Bank's products and services. This Committee provides oversight to the Bank's information technology and strategy. This Committee also monitors the development and implementation of the Bank's annual Programme of Work, which is the suite of initiatives and investments to implement the Bank's change program and to underpin the delivery of the strategic initiatives. In addition, this committee monitors the investment in the information technology architecture, infrastructure and support systems to underpin the safe and effective delivery of the products and services. The committee includes six Non-Executive Directors appointed by the Board and four Executive Directors.

Board Technical Committee on Retail Expansion

The Committee serves as the bastion for the fulfilment of the Bank's expansion and acquisitions to support its strategic corporate aspiration. The Committee is responsibilities to the shareholders, potential shareholders and investment community relating to the review, evaluation and approval of acquisition, mergers, strategic relationships as well as green and brown fields investments involving the Bank. The Committee is involved in the developing and implementing a strategic plan for the continuing creation of value to the Bank's shareholders through the Bank's acquisition, strategic relationships, investment and growth activities in the retail space.

Standing Shareholders Audit Committee

In compliance with Section 404(3) of CAMA, the Group has a Standing Shareholders Audit Committee comprising six members. The Standing Shareholders Audit Committee is made up of two Non-Executive Directors representing the Board and three shareholders representing the shareholders as provided by CAMA.

ALCO

ALCO is a management committee responsible for market and liquidity risk management. It is responsible for the optimum management of the Group's balance sheet and making relevant decisions, as well as recommending to the Board prudent asset and liability management policies and procedures that would enable the Group to achieve its goals while operating in full compliance with all relevant laws and regulations. The members of the committee include the Group Managing Director, the Group Deputy Managing Director, all executive directors, all Group Heads, the Treasurer, the Chief Finance Officer, the Head of Risk Management and the Head of Market Risk Management.

Composition

The membership of the Board committees as at the date of this Base Prospectus is shown below:

S/N	***Names***	
1	Dr. (Mrs.) Ajoritsedere Awosika	Board Chairman
2	Mrs. Anthonia Ogunmefun	Non-Executive Director
3	Mr. Paul Usoro	Non-Executive Director
4	Mr. Iboroma Akpana	Independent Non-Executive Director
5	Mr. Adeniyi Adekoya	Independent Non-Executive Director
6	Dr. Okey Nwuke	Non-Executive Director
7	Mrs. Ifeyinwa Osime	Independent Non-Executive Director
8	Mr. Hassan Usman	Independent Non-Executive Director
9	Mrs. Omosalewa Fajobi	Non-Executive Director
10	Dr. Herbert Wigwe	Group Managing Director/CEO
11	Mr. Roosevelt Ogbonna	Group Deputy Managing Director
12	Mr. Victor Etuokwu	Executive Director
13	Dr. Gregory Jobome	Executive Director
14	Ms. Hadiza Ambursa	Executive Director
15	Mr. Adeolu Bajomo	Executive Director
16	Mrs. Chizoma Okoli	Executive Director

S/N	*Names*	
17	Mr. Seyi Kumapayi	Executive Director

Board Human Resources and Sustainability Committee

S/N	*Name*	*Position*	*Status*
1	Mr. Paul Usoro	Chairman	Non-Executive Director
2.	Mrs. Anthonia Ogunmefun	Vice-Chairman	Non-Executive Director
3.	Mr. Iboroma Akpana	Member	Independent Non-Executive Director
4.	Mr. Adeniyi Adekova	Member	Independent Non-Executive Director
5.	Mrs. Ifeyinwa Osime	Member	Independent Non-Executive Director
6.	Dr. Okey Nwuke	Member	Non-Executive Director
7.	Mr. Hassan Usman	Member	Independent Non-Executive Director
8.	Dr. Herbert Wigwe	Member	Executive Director

Board Governance, Nomination and Remuneration Committee

S/N	*Name*	*Position*	*Status*
1	Mr. Iboroma Akpana	Chairman	Independent Non-Executive Director
2.	Mr. Adeniyi Adekoya	Vice-Chairman	Independent Non-Executive Director
3.	Mrs. Anthonia Ogunmefun	Member	Non-Executive Director
4.	Mr. Paul Usoro	Member	Non-Executive Director
5.	Mrs. Ifeyinwa Osime	Member	Independent Non-Executive Director

Board Audit Committee

S/N	*Name*	*Position*	*Status*
1	Mr. Adeniyi Adekoya	Chairman	Independent Non-Executive Director
2.	Mr. Iboroma Akpana	Vice-Chairman	Independent Non-Executive Director
3.	Mr. Paul Usoro, SAN	Member	Non-Executive Director
4.	Mrs. Ifeyinwa Osime	Member	Independent Non-Executive Director
5.	Dr. Okey Nwuke	Member	Non-Executive Director
6.	Mr. Hassan Usman	Member	Independent Non-Executive Director
7.	Mrs. Omosalewa Fajobi	Member	Non-Executive Director

Board Credit Committee

S/N	*Name*	*Position*	*Status*
1	Dr. Okey Nwuke	Chairman	Non-Executive Director
2.	Mr. Iboroma Akpana	Chairman	Independent Non-Executive Director
3.	Mrs. Anthonia Ogunmefun	Member	Non-Executive Director
4.	Mr. Paul Usoro	Member	Non-Executive Director
5.	Mr. Adeniyi Adekoya	Member	Independent Non-Executive Director
6.	Mrs. Ifeyinwa Osime	Member	Independent Non-Executive Director
7.	Mr. Hassan Usman	Member	Independent Non-Executive Director
8.	Mrs. Omosalewa Fajobi	Member	Non-Executive Director
9.	Dr. Herbert Wigwe	Member	Executive Director
10.	Mr. Roosevelt Ogbonna	Member	Executive Director
11.	Mr. Victor Etuokwu	Member	Executive Director
12.	Dr. Greg Jobome	Member	Executive Director
13.	Ms. Hadiza Ambursa	Member	Executive Director
14.	Mrs. Chizoma Okoli	Member	Executive Director
15.	Mr. Seyi Kumapayi	Member	Executive Director

Board Risk Management Committee

S/N	*Name*	*Position*	*Status*
1.	Mrs. Anthonia Ogunmefun	Chairman	Non-Executive Director
2.	Mr. Paul Usoro	Vice-Chairman	Non-Executive Director
3.	Mr. Iboroma Akpana	Member	Independent Non-Executive Director
4.	Mr. Adeniyi Adekoya	Member	Independent Non-Executive Director
5.	Dr. Okey Nwuke	Member	Non-Executive Director
7.	Mrs. Omosalewa Fajobi	Member	Non-Executive Director
8.	Mr. Herbert Wigwe	Member	Executive Director
9.	Mr. Roosevelt Ogbonna	Member	Executive Director
10.	Dr. Greg Jobome	Member	Executive Director
11.	Mr. Ade Bajomo	Member	Executive Director

Board Digital and Information Technology Committee

S/N	*Name*	*Position*	*Status*
1.	Mr. Adeniyi Adekoya	Chairman	Independent Non-Executive Director

S/N	Name	Position	Status
2.	Mrs. Ifeyinwa Osime	Vice-Chairman	Independent Non-Executive Director
3.	Mr. Iboroma Akpana	Member	Independent Non-Executive Director
4.	Mrs. Anthonia Ogunmefun	Member	Non-Executive Director
5.	Dr. Okey Nwuke	Member	Non-Executive Director
6.	Mr. Hassan Usman	Member	Independent Non-Executive Director
7.	Mrs. Omosalewa Fajobi	Member	Non-Executive Director
8.	Mr. Herbert Wigwe	Member	Executive Director
9.	Mr. Roosevelt Ogbonna	Member	Executive Director
10.	Dr. Gregory Jobome	Member	Executive Director
11.	Mr. Ade Bajomo	Member	Executive Director
12.	Mr. Victor Etuokwu	Member	Executive Director

Board Technical Committee on Retail Expansion

S/N	Name	Position	Status
1.	Mr. Paul Usoro	Chairman	Non-Executive Director
2.	Dr. Okey Nwuke	Vice-Chairman	Non-Executive Director
3.	Mr. Adeniyi Adekoya	Member	Independent Non-Executive Director
4.	Mr. Iboroma Akpana	Member	Independent Non-Executive Director
5.	Mrs. Ifeyinwa Osime	Member	Independent Non-Executive Director
6.	Mr. Herbert Wigwe	Member	Executive Director
7.	Mr. Roosevelt Ogbonna	Member	Executive Director
8.	Dr. Gregory Jobome	Member	Executive Director
9.	Mr. Seyi Kumapayi	Member	Executive Director

The Management Team

The senior management team, led by the Group Managing Director and the Group Deputy Managing Director, oversees the day-to-day activities of the Group and is responsible to the Board. In addition to the executive directors of the Board, the following members of staff occupy key management positions:

General Managers

Bolaji Agbede

Bolaji Agbede is a General Manager and Group Head, Human Resources. She has about 20 years banking experience obtained with GT Bank Plc and the Bank. She joined the Bank in December 2003 as an Assistant General Manager. Bolaji has been the Head of Group Human Resources and she was instrumental in the successful people integration of Marina International Bank and Capital Bank in 2005 as well as the people integration of the Bank's acquisition of Intercontinental Bank Plc.

She graduated from University of Lagos in 1990 with a second class lower degree in Mathematics & Statistics and an MBA degree from Cranfield School of Management, United Kingdom in 2002. She also holds a post-graduate diploma degree in marketing from the Chartered Institute of Marketing, London covering Operations, Commercial Banking, Consumer Banking and Human Resources. She is a member of the Chartered Institute of Management and Honorary member of Chartered Institute of Bankers of Nigeria.

Pattison Boleigha

Pattison Boleigha BSc, MBA, FCA, ACIT, HCIB, CAMS, CGEIT™, CRMA is General Manager, Chief Compliance Officer of the Bank, Group Head Conduct & Compliance Group. He has over 21 years work experience obtained with Citibank, NSITF and Allwell Brown & Co, 10 years of experience in monitoring IT Governance, anti-money laundering (AML) compliance and internal controls including providing strategic and visionary leadership and guidance. He joined the Bank in July 2014 as an Assistant General Manager. He is currently the Chairman of the Committee of Chief Compliance Officers of Banks in Nigeria.

Pattison graduated from University of Nigeria, Nsukka with a second class lower degree in Accountancy (1986), an Associate member of the Institute of Chartered Accountant of Nigeria (ICAN) and Chartered Institute of Taxation (CITN).

Arinze Okeke

Arinze Okeke is presently General Manager and Group Head, Commercial Banking Division East. He has 21 years work experience in the banking sector with GTBank and the Bank. He joined the Bank as a General Manager in 2012 from GTBank. His Banking experience covers Foreign Operations, Systems and Control, Institutional Banking and Commercial Banking.

He has B.Eng in petroleum engineering from University of Benin in 1989. He as attended training both within and outside Nigeria Including courses in Citibank, Harvard Business School, and IMD.

Soji-Okusanya Iyabo

Iyabo Soji-Okusanya is General Manager and Group Head Telecommunication in Corporate and Investment Banking Division. She has 21 years' work experience obtained from Nigerian Breweries Plc, KPMG Peat Marwick Ani Ogunde & Co, Magnum Trust Bank and the Bank. She joined the Bank in June 1998. Her experience cover commercial banking, Human Resources and Corporate and Investment Banking.

She holds a second class lower degree in Accounting in the year in 1988 from University of Ilorin, She is a Chartered Accountant and also a member of Chartered Institute of Bankers of Nigeria. Plc.

Tiamiyu Olayinka

Yinka Tiamiyu is a General Manager and the Head, Group Internal Audit, he has 23 years' work experience, which he obtained from NNPC, Melbay Nigeria Limited, Arthur Andersen SC- A Chartered Accounting and Consulting Firm, Central Savings and Loans Ltd (a Mortgage Institution), First Marina Trust Ltd (a CBN Licensed Finance Company) and the Bank. Prior to joining the Bank he worked as the Head of Management Internal Control, First Marina Trust Ltd (a CBN Licensed Finance Company). He joined the Bank in 1999 as a Manager.

He holds Bachelor degree with a second class upper division in Petroleum Engineering from University of Ibadan in 1986, M.Sc in Industrial Engineering from the same university in 1990. He is a Chartered Accountant and a member of A.C.A. He has attended Executive Management Programme from leading Institution.

Olumide Olatunji

Olumide Olatunji is a General Manager and he is currently the Country Managing Director of Access Bank Ghana. He has 15 years work experience in the financial services industry. The companies he has worked for include: GTBank, Bond Bank Ltd, Skye Bank Plc, Futura Supply & Trading and now the Bank He joined the Bank in February 2012 and has spent the most time in Corporate Bank and Commercial Banking

Group. He was the Marketing Director of Futura Supply & Trading before joining the Bank in February 2012 as Deputy General Manager.

He holds a Bachelor degree in Computer Science from University of Lagos in 1996.

Abraham Aziegbe

Abraham is a General Manager and the Group Head Retail Operations in the Bank. He has over 19 years work experience which cuts across different areas such as spans Branch Operations, Centralised Operations and Relationship Management, he has worked in Akintola Williams and Co. (Chartered Accountants), Guaranty Trust Bank Plc (Nigeria and Sierra Leone). He joined the Bank in August 2013 as a Deputy General Manager.

He obtained his first degree from University of Benin in 1993 and holds an MBA from University of Liverpool in 2012. He is also an Alumni of the Lagos Business School and has attended local and international training programs.

Lookman Martins

Lookman is a General Manager and presently the Group Head CCBG South West in the Bank Plc. He has 20 years of banking experience and have worked in various functions including Branch Operations, Risk Management and Remedial Management, Compliance, Retail Banking and Commercial Banking.

Prior joining the Bank in January 2008 as an AGM he worked for Metropolitan Bank, Eco Bank, Standard Trust Bank.

He holds a B.Sc in Biology (second class upper division) from University of Lagos, Akoka in 1990 and an MBA (banking and Finance) from Enugu State University of Science and Technology, Enugu in 2001. He has also attended Lagos Business School Advance Management Programme.

David Aluko

David Aluko is presently MD, Access Bank Kenya. David has over 20 years working experience spanning the fields of Finance, Accounting, Funds and Investments Management, and Banking. He joined the Bank in February, 2007. David has variously worked in high level capacity positions in the Bank, having been Group Head Commercial Banking Group South, and Managing Director of Intercontinental Bank Ghana, whose timely merger with Access Bank Ghana, he successfully piloted.

He holds a Bachelor degree in Accounting from University of Lagos 1988, MBA in Banking and Finance from University of Nigeria Nsukka. He is a Fellow of the Institute of Chartered Accountants of Nigeria and Member of the Chartered Institute of Bankers of Nigeria. He has variously been trained at the Lagos Business School (AMP 18), the London Business School, and Wharton Business School of the University of Pennsylvania, USA.

Ajimoko Augustine Kolawole

Kola is a General Manager, and the Group Head Subsidiary Risk Management. He has over 21 years of banking experience in various areas of banking operations and Risk Management. He started his professional banking career with Citibank Nigeria in 1993 and worked in various functions till he resigned as an Assistant Vice president in 2007. He resigned from Citibank as an Assistant Vice President in 2007 and returned to Nigeria to join the Bank as Assistant General Manager in 2007.

He holds a Bachelor degree in Banking and Finance from University of Ado Ekiti (formerly Ondo State University), MBA (General Management) and he is Fellow of the Institute of Chartered Accountants of Nigeria (ICAN). He has attended several professional and leadership training programs both within and outside Nigeria Including leadership courses in Citibank, London Business School, and INSEAD.

Sunday Ekwochi

Sunday is a Deputy General Manager and the Company Secretary of the Bank. He has about 16 years work experience and has worked in Pacific Merchant Bank, Streamsower & Co (Barristers & Solicitors), Many Bank Nigeria Plc, African Express Bank Plc, Fidelity Bank Plc and now the Bank. His experience spans

Security and Loan Documentation and Legal Services. Prior to joining the Bank he was Head, Security & Loan Documentation, Fidelity Bank Plc.

He holds an LLB from University of Jos in 1996 and a B.L from Nigerian Law School in 1997; he is also a graduate of Institute of Chartered Secretaries and Administrator (ISCA) London in 2003. He has attended Executive Management Programme in leading Institution.

Olasunmbo Olatunji

Olasunmbo is a Deputy General Manager and she is currently Group Head, Treasury. Her Banking experience spans about 13 years with experience in Funds Management, Treasury and Commercial Banking. These experiences have been gained in Guaranty Trust Bank Plc. Prior Joining the Bank in March 2014 as an Assistant General Manager she was Acting Group Head, Commercial Banking in Guaranty Trust Bank.

She holds a Bachelor Degree in Law (LL.B) from University of Ibadan in 1997 and proceeded to the Nigerian Law School, Abuja where she got B.L in 1999.

Favour Femi-Oyewole

Favour is a graduate of Computer Science (BSc) – Ogun State University, with two (2) Master's Degrees – MSc Computer Science - UNN and MSc Information Security – University of Liverpool, UK and currently a Doctoral student at the Covenant University, Nigeria. She has over 20 years' experience in managing all aspects of information technology with vast knowledge in Enterprise IT Security, Information Technology, IT Governance, Information Security best practices, Cyber Security, Business Continuity and Risk Management especially in dynamic, demanding large scale environments.

She is a member of the Cybercrime Advisory Council in Nigeria with the Mandate of implementing Cyber security for all sectors in Nigeria and the pioneer Chair of Standard and Evaluations Committee. She is versatile in the design and management of security implementations, Security Standards, security risk assessment, system-related security management and reviews, information security and Cyber security awareness training, IT Risk, IT Governance as well as Business Continuity Planning.

Prior to joining the Bank, she was the Group Head, Enterprise Risk Management at the NGX. She is a Deputy General Manager and will be deployed to Information Technology.

Business Address of Management Team

The business address of each of the members of the Group's management team is the Bank's registered office. There are no potential conflicts of interest between any duties of a member of the Group's management team towards the Group and the member's private interests and/or other duties.

Compliance with the Code of Corporate Governance

The Bank complies with high standards of corporate governance and best practices as enshrined in the CBN Code of Corporate Governance, the FRNC Code and the Nigerian SEC Corporate Governance Guidelines. The Group's business and operations are conducted in an open and transparent manner in line with international best practices and in accordance with the provisions of the relevant laws. The Revised Code of Corporate Governance issued by the CBN, the Nigerian SEC's Code of Corporate Governance and the Bank Board Charter collectively provide the basis for the Bank's corporate governance, policies and framework.

Management believes that the Group fully complies with the Nigerian SEC's corporate governance requirements. Below are some examples of the Group's compliance with the code:

- in line with the Group's vision to maintain the highest standards and to ensure the independence of the Internal Audit function, the Board approved a Charter on the Group's Internal Audit. This Charter isolates and insulates the Internal Audit Department from the control or influence of the Executive Management and also frees staff within the internal audit units from operational and management responsibilities that could impair their ability to make independent reviews of all aspects of the Group's operations, thereby making the department independent. Under the Charter, the Internal Auditors report directly to the Board.

- the number of non-executive directors exceeds that of executive directors with four of the non-executive directors being independent.

- in compliance with Section 359 of CAMA, the Group has a standing Shareholders Audit Committee to protect the interest of the Group's shareholders.

- in accordance with the provisions of Section 259 of CAMA, one-third of the directors of the Group retire annually. The directors to retire every year shall be those who have served the longest term(s) of all directors in office since their last election.

- the responsibilities of the Chairman are clearly separated from that of the head of management (namely, the Group Managing Director/CEO) such that no one individual/related party has unfettered powers of decision-making by occupying these two positions at the same time.

- a committee of non-executive directors determines the remuneration of executive directors.

NIGERIA

The information in this section has been extracted from documents and other publications released by various officials and other public and private sources, such as the CBN, the IMF, the DMO, the NBS, the FMF and OPEC, as indicated herein. There is not necessarily any uniformity of views among such sources as to such information provided. The Bank has not independently verified the information included in this section. The information in this section has been derived substantially from publicly available information, such as annual reports, official data published by the Nigerian Government or regional agencies or other third party sources as indicated in the text.

Introduction

Nigeria is the largest economy in Africa by GDP. In 2020, Nigeria's nominal GDP was U.S. $429.4 billion, GDP per capita was U.S.$2,083.1 and real GDP growth was a contraction of 1.92% due to the economic effects of COVID-19. Nigeria ranks 25 out of 195 countries in the world in terms of GDP on purchasing power parity ("**PPP**") basis, according to the IMF.

With an estimated population of over 206 million people, Nigeria is the most populous country in Africa and the seventh most populous country in the world. The country's population is forecast to grow at an average of 2.51% annually, with its total population expected to reach 263 million by 2025. The NBS also estimates a working age population of 122.1 million, with an average life expectancy of 54 years, according to the United Nations Population Fund ("**UNFPA**").

The country has the tenth largest proven crude oil and natural gas reserves in the world. According to OPEC, Nigeria is the tenth largest oil producing country globally as of early 2020. Nigeria is also a significant exporter of cocoa, rubber and cassava, in addition to other significant natural resources.

Constitution, Government and Political Landscape

Constitution

Nigeria is a federation made up of three tiers of government — federal, state and local governments. The Constitution was adopted in May 1999 with three amendments signed by the then President, Goodluck Jonathan, in 2011. The Constitution provides for a tripartite structure of government in which power is divided amongst the executive, legislative and judicial branches. It establishes and sets out the powers and functions of the President (executive), the National Assembly (legislative) and an independent judicial system (judicial) as well as persons and bodies which may validly exercise such powers.

Executive branch

Nigeria has adopted a presidential system of government with the executive powers of the Federal Government vested in the President. Such executive powers, subject to the provisions of the Constitution and of any law made by the National Assembly, may be exercised by the President directly or through the Vice President and/or any officer(s) in the public service of the Federal Government. The President has the power to appoint ministers, and such appointments shall be effective if confirmed by the Senate. In appointing ministers, the President shall appoint at least one member from each state. The executive is accountable to the bicameral National Assembly. The President is elected by popular vote for a four-year term and is eligible to be re-elected to a second (and final) term. In addition to being the Head of Government, the President is also the Head of State and the Commander-in-Chief of the armed forces of the country. The President's role includes overseeing the day-to-day running of the affairs of the nation assisted by the Vice President, ministers, special assistants, special advisers and other relevant government functionaries with supervisory roles over areas of government. The President may, in his discretion and in addition to any duties prescribed under the Constitution and other legislation, assign to the Vice President or any minister of the Federal Government, responsibility for any business of the Federal Government, including the administration of any department of government.

Legislative branch

The legislative powers of the Federal Government are vested in the National Assembly, which consists of a Senate and a House of Representatives. The National Assembly is empowered to legislate in respect of matters set out in the Exclusive Legislative List and the Concurrent Legislative List, as set out in the Second Schedule to the Constitution. The current House of Representatives, formed following elections held in

March 2015, has 360 members who are elected in single-member constituencies. Members serve four-year terms. The number of seats per state is based on the population of each state. The Speaker is the Head of the House of Representatives. The Senate is made up of members elected to the upper house for a four-year term. Each state elects three senators while the FCT elects one, making 109 seats in total. The Head of the Senate is referred to as the Senate President. The two chambers of the National Assembly work in collaboration with the executive arm in areas such as budgetary appropriation and the enactment of laws. A bill may originate from either of the chambers, but it must be passed by both chambers in order for it to be signed into law by the President.

Judicial branch

In accordance with the Constitution, judicial authority is vested mainly in the following courts: the Supreme Court; the Court of Appeal; the Federal High Court; the High Court of the FCT; the National Industrial Court; the Sharia Court of Appeal and the Customary Court of Appeal of the FCT; the High Court; Sharia Court of Appeal and the Customary Court of Appeal of each state; and such other court as may be authorised by law to exercise jurisdiction over matters with respect to which the National Assembly (national legislature) may make laws at first instance or on appeal over matters with respect to which a House of Assembly (state legislature) may make laws. Nigerian courts are empowered to hear and determine disputes between private parties, disputes between a private party and any of the three tiers of government or their agencies or disputes between the three tiers of government or their agencies. Thus, the courts have the power to review statutes and executive actions to ensure that they conform to the Constitution and other laws in force in Nigeria. The courts with jurisdiction and power to deal with commercial, civil, criminal and constitutional matters, mentioned above, are described as follows:

Supreme Court of Nigeria — The Supreme Court is the highest court in Nigeria and is seated in the FCT. The Supreme Court consists of the Chief Justice of Nigeria (the "**CJN**") and such number of justices not exceeding 21 as may be prescribed by the National Assembly. The CJN and other justices of the Supreme Court are appointed by the President on the recommendation of the National Judicial Council ("**NJC**"), subject to confirmation of such appointments by the Senate. The CJN heads the judiciary of Nigeria and presides over the Supreme Court. The Supreme Court exercises original jurisdiction in respect of disputes between: (i) the Federal Government and the states; (ii) the states of the federation; (iii) the National Assembly and the President; (iv) the National Assembly and a state; and (v) the National Assembly and a State House of Assembly. Decisions of the Court of Appeal can also be appealed to the Supreme Court. The Supreme Court is duly constituted by seven justices where it is exercising its original jurisdiction, or is sitting to consider an appeal requiring it to interpret any provision of the Constitution or whether the human rights of any individual have been violated. In all other cases, the court is duly constituted by not less than five justices.

Court of Appeal — The Court of Appeal, comprising the President of the Court of Appeal and such number of Justices of the Court of Appeal (not less than 49) ranks immediately below the Supreme Court. It exercises original jurisdiction in respect of the election to the office of the President or Vice President of Nigeria, whether the term of those offices has ceased, and in relation to the question as to whether those offices have become vacant. The Court of Appeal has the exclusive jurisdiction to hear appeals from the Federal High Court, the High Courts, the National Industrial Court, the Sharia Courts of Appeal and the Customary Courts of Appeal of each state and the FCT, as well as decisions of any court martial or any other tribunal established pursuant to the Act of the National Assembly. The court is duly constituted by not less than three justices for the purpose of exercising any of its stated jurisdictions. For administrative convenience, the court is divided into judicial divisions which sit in various parts of the country; namely, Abuja, Lagos, Enugu, Kaduna, Ibadan, Benin, Jos, Calabar, Ilorin, Sokoto, Owerri, Yola, Ekiti, Akure and Port Harcourt and Makurdi. The President of the Court of Appeal is appointed by the President on the recommendation of the NJC, subject to confirmation by the Senate. Justices of the Court of Appeal are appointed by the President on the recommendation of the NJC.

Federal High Court — The Federal High Court comprising the Chief Judge of the Federal High Court and such number of judges of the Federal High Court as may be prescribed by an Act of the National Assembly is a specialised court, which hears and determines civil cases and matters arising from a number of areas including (but not limited to): the operation of the Companies and Allied Matters Act, Cap C20 LFN 2004; bankruptcy and insolvency; the taxation of companies (and other bodies established or carrying on business in Nigeria) and all other persons subject to federal taxation; banking and securities regulation; and foreign investments and foreign exchange. The Chief Judge of the Federal High Court is appointed by the President on the recommendation of the NJC, subject to confirmation by the Senate. Judges of the Federal High Court are appointed by the President on the recommendation of the NJC. The court is duly constituted by not less than one judge for the purpose of exercising any of its stated jurisdictions.

High Court — There is a High Court for each state and the FCT. Subject to the jurisdiction of the Federal High Court as stipulated in the Constitution, the High Court has jurisdiction to determine civil and criminal proceedings which originate in the High Court and those brought before the High Court in the exercise of its appellate and supervisory jurisdiction. The High Court exercises jurisdiction over matters pertaining to contract, tort and negligence, amongst other things. The Chief Judge of the High Court of the FCT is appointed by the President on the recommendation of the NJC and is subject to confirmation of the National Assembly. Judges of the High Court of the FCT are appointed by the President on the recommendation of the NJC. The Chief Judge of a state is appointed by the Governor of the state on the recommendation of the NJC, subject to the confirmation of the House of Assembly of a state. Judges of the State High Court are appointed by the Governor on the recommendation of the NJC.

The National Industrial Court — The National Industrial Court has exclusive jurisdiction in civil cases and matters relating to labour, employment, trade unions, industrial relations, terms of service and matters arising in relation to the workplace. The Court also has exclusive jurisdiction on matters relating to or arising from the Factories Act, the Trade Disputes Act, the Trade Unions Act, the Workmen's Compensation Act or any other legislation in relation to labour, employment, industrial relations or workplaces. There is a limited scope for appeal against NIC rulings on the basis of infringement of fundamental human rights. In May 2013, President Goodluck Jonathan approved the appointment of 12 new judges for the National Industrial Court, in addition to the nine sitting judges and the President of the Court.

The Constitution also establishes the election tribunals and authorises the National Assembly to constitute other tribunals as may be required. The more prominent of these special "courts" is the Investments and Securities Tribunal established under the Investments and Securities Act, 2007, which handles disputes in relation to capital market activities.

State and local government

Each state is governed by a chief executive (known as the Governor) who is elected to a four-year term of office and is eligible for a further four-year (and final) term. The Governor is empowered to appoint commissioners and advisers and to assign responsibilities to them.

The legislative powers of a state are vested in a unicameral legislative body called the House of Assembly. It is made up of representatives from all the local government areas within the state and exercises identical functions at the state level to those of the National Assembly at the federal level. A State House of Assembly shall consist of not less than 24 and not more than 40 members. State governments are vested with the power to collect personal income tax of its residents, impose sales tax and to impose and collect certain forms of stamp duties, amongst others.

There are 774 local government councils in Nigeria. Each local government area is administered under a local government council consisting of a Chairman who is the chief executive of the local government area and other elected members who are referred to as councillors. The functions of local governments include the consideration and the making of recommendations to a state commission on economic, administrative and urban planning issues including the economic development of the state, collection of rates, radio and television licences and establishment and maintenance of cemeteries, burial grounds and homes for the destitute or infirm, naming of roads and streets and numbering of houses and such other functions as may be conferred on a local government council by the State House of Assembly.

Political parties

According to the Independent National Electoral Commission ("**INEC**"), there are 91 political parties currently registered in Nigeria.

The ruling All Progressives Congress ("**APC**") has been in power since the March 2015 general elections when President Muhammadu Buhari defeated the then President, Goodluck Jonathan. The People's Democratic Party ("**PDP**") is considered the main opposition political party in Nigeria. In addition to the APC and PDP, the other major political parties are the Labour Party and the All Progressives Grand Alliance.

Economy

The transition to a multi-party democracy in 1999 ushered in a period of improved political stability, economic liberalisation reforms and macroeconomic stability. The economy enjoyed sustained high economic growth for more than a decade between 2000 and 2014, with annual real GDP growth averaging about 7.7% within the period. The non-oil sector was the major driver of growth, supported by liberalisation reforms in the telecommunications and financial services sectors, as well as a commodity price boom which buoyed consumption expenditure.

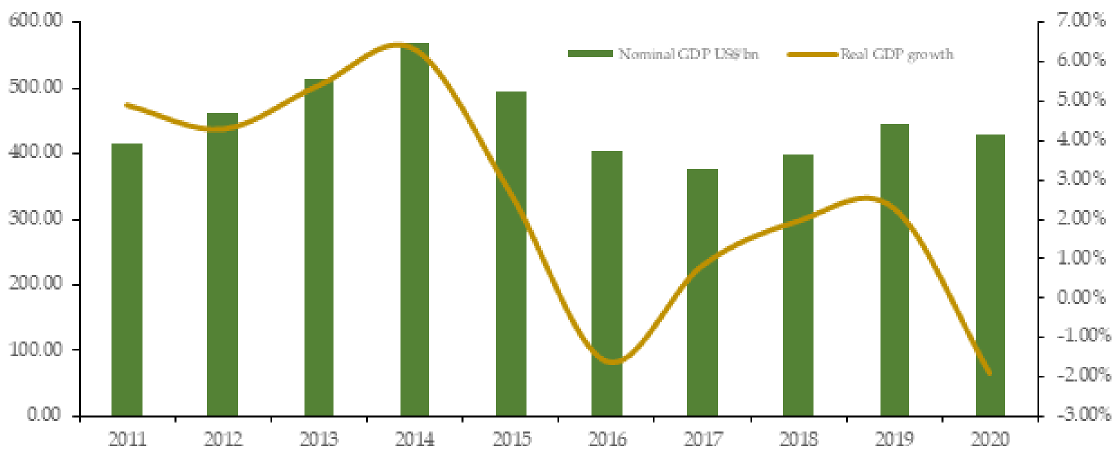
In April 2014, Nigeria rebased its GDP from the 1990 base year to 2010. As a result of the rebasing, Nigeria became the largest economy in Africa (surpassing South Africa) and the 26th largest economy in the world, with a nominal GDP of U.S.$568.5 billion in 2014. In addition, real GDP growth post-rebasing was 6.3% in 2014. In 2014, services contributed about 52%, while manufacturing and agriculture, respectively, contributed about 9% and 23% to GDP.

Growth momentum has slowed significantly since 2014, partly due to fluctuations in the price of crude oil, capital flight due to security and infrastructural challenges and periodic attacks on oil production facilities in the Niger Delta region. Improvements in hydraulic fracturing technology helped enable oil and gas producers to tap reserves in shale formations across North America. As a result of the shale oil boom which boosted global crude oil supply, oil prices fell from U.S.$114.60 per barrel in June 2014 to a low of U.S.$30.66 per barrel in January 2016.

Nigeria's crude oil production (including condensates) also fell from 2.21 million barrels per day in 2014 to 1.81 million barrels per day in January 2016 after renewed attacks on oil facilities in oil producing communities in the Niger Delta. The oil and gas sector accounted for over 90% of exports and 70% of Federally Collected Revenue in 2014. As such, the decline in oil production and prices led to a twin shock in the current and fiscal accounts, with feedback effects on foreign exchange liquidity and consumption spending. Consequently, real GDP growth weakened to 2.65% in 2015 and the economy slipped into its first recession since 1991 in 2016 as GDP contracted by 1.62%.

Figure 1: **Nigeria Real GDP Growth**

	GDP growth rate
Q1-2019	2.10%
Q2-2019	2.12%
Q3-2019	2.28%
Q4-2019	2.55%
Q1-2020	1.87%
Q2-2020	(6.10)%
Q3-2020	(3.62)%
Q4-2020	0.11%
Q1-2021	0.51%
Q2-2021	5.07%



Source: DMO, Chapel Hill Denham Research

In response to the drop in oil prices and widening current account deficit, the CBN initially responded pro-cyclically by raising interest rates and devaluing the USD/NGN rate twice between October 2014 and February 2015. The CBN later changed its strategy in H2-2015 by loosening monetary policy. The exchange rate was also pegged at the interbank market rate despite investors' concern on overvaluation of the Naira and weak foreign exchange ("**FX**") liquidity.

The CBN also introduced capital control policies to reduce pressure on the trade account and allocate scarce foreign exchange. The CBN's policy barring certain importers from accessing foreign exchange and classifying their goods as 'not valid for FX' was among certain currency control measures introduced by the apex bank, particularly aimed at curbing "speculative activities". Other measures include restrictions on foreign currency cash deposits into domiciliary accounts and restrictions on foreign currency loans granted to firms earning local currency revenue.

Fallouts of these activities were varying-market shaping events that included the JP Morgan phase-out of Nigeria's sovereign bonds from its emerging market bond index, difficulty in accessing foreign exchange by investors who tracked its GBI-EM series and an equity market dip as foreign portfolio investors stalled in returning to the Nigerian Capital Market even after the peaceful outcome of the May 2015 general elections, one of many reasons why they initially pulled out. Consequently, capital importation into Nigeria slumped by 54% in 2015 and 47% in 2016 to U.S.$9.6 billion and U.S.$5.1 billion, respectively.

The CBN eventually introduced a more investor-friendly foreign exchange policy between 2016 and 2017. The cornerstone of the FX policy reforms was the establishment of the I&E Window in April 2017 to allow investors and non-oil exporters trade and access foreign exchange without restrictions. The CBN had earlier introduced monthly Naira-settled OTC FX Futures (non-deliverable forwards) contracts to help investors and domestic corporates with foreign currency loans hedge against devaluation, thus reducing the incentive for frontloading FX demand and hoarding.

The pro-market FX market reform introduced by the CBN, as well as a tightening of monetary policy, was the major catalyst for improvement in foreign investors' appetite for Nigerian assets in 2017. Capital importation more than doubled to U.S.$12.2 billion in 2017. The balance of payments was further supported by an improvement in current account surplus to 2.8% of GDP from 0.7% of GDP in 2016, following the recovery in oil prices and domestic crude oil production. Average crude oil prices strengthened by 23.3% in 2017 in response to the decision of OPEC and key non-OPEC countries, including the Russian Federation, to cut oil production. Crude oil production (including condensates) also rose by 4.5% in 2017 to 1.89 million barrels per day after the Federal Government negotiated a ceasefire with militant groups.

Nigeria was able to achieve macroeconomic stability in 2017 on the back of the improvement in foreign exchange liquidity and rebound in crude oil production. The economy exited recession in 2017 and grew by 0.81% in 2017 in real terms, compared to a contraction of 1.62% in 2016. Growth momentum quickened to 1.91% in 2018, driven by recovery in the manufacturing and telecommunications and information services sectors. Real GDP growth picked up marginally to 2.27% in 2019, supported by improvements in industry (2.31%), agriculture (2.36%) and services (2.22%).

On security, the emergence of Boko Haram in 2009, and the proliferation of its activities, annually dampened the macroeconomic environment. Nigerian security forces have made some gains against Boko Haram insurgents in the North East region, but challenges remain. The Federal Government pronounced the insurgents "technically defeated" in 2015, but the group has continued to claim responsibility for random guerrilla attacks on military formations and the civilian population in the North East region. There is also the rising threat of secession, with some groups in the South East of Nigeria clamouring for secession to form their own nation called "Biafra". These groups are the Movement for the Actualization of the Sovereign State of Biafra ("**MASSOB**") and the IPOB. The recent clash between Nigeria's security agencies and protesting members of the Islamic Movement of Nigeria ("**IMN**") Shiite Muslims in Abuja also highlights some security risks. Furthermore, the recent spate of kidnapping of students in secondary schools and universities have worsened security. As of 2020, Nigeria ranked third among 135 countries on the Global Terrorism Index published by the Institute for Economics and Peace.

The Nigerian economy faces the risk of being stuck in a low-growth environment over the medium term. Real GDP growth has consistently fallen short of the 2.75% population growth rate, implying that per-capita income, measured in real terms, is on the decline. The economic recovery is also yet to be broad-based, with the telecommunications and information services sector accounting for over 45% of GDP growth in 2019 based on attribution analysis. More importantly, the labour market remains slack with the unemployment rate, based on NBS' estimate, rising to a record high of 23.1% in the third quarter of 2018. President Muhammadu Buhari successfully renewed his mandate for a second four-year term in February 2019 and faces a challenge of lifting growth back to trend level, generating employment for the teeming labour force, confronting the security risks and reducing the poverty headcount. The recent escalation of the COVID-19 pandemic further pushed the economy into recession.

The economy contracted by 6.1% and 3.6% in the second quarter of 2020 and third quarter of 2020, respectively, officially entering into a recession. It has since witnessed growth below 1% until the first quarter of 2021. Unemployment increased to 33.3% by the fourth quarter of 2020, the highest since 2014. Also, inflation, trade and capital importation decreased significantly to 15.75%, ₦7.4 trillion and U.S.$9.68 billion, respectively, in 2020, compared to 11.98%, ₦2.23 trillion and U.S.$23.99 billion, respectively, in 2019.

February/March 2019 Elections

Despite the momentum gained by the opposition People's Democratic Party ("**PDP**") in the period leading to Nigeria's Presidential elections in February 2019, President Muhammadu Buhari of the ruling All Progressives Congress ("**APC**") emerged victorious with a slightly stronger mandate. President Buhari secured 55.6% (15.19 million) of the total valid votes (27.32 million) to defeat his closest opponent, former Vice President Atiku Abubakar of the opposition PDP who secured 41.2% (11.26 million) of the votes. The APC also regained its slipping majority in the upper and lower chambers of the National Assembly. Candidates of the APC – Ahmed Lawan (Senate President) and Femi Gbajabiamila (Speaker of the House of Representatives) – emerged victorious in the National Assembly leadership elections.

The PDP and its candidate challenged the result of the presidential election at the Presidential Election Tribunal. The Tribunal dismissed all the charges brought by the petitioners and ruled unanimously in favour of President Buhari on 11 September 2019. In October 2019, the PDP and its candidate lost the appeal lodged at the Supreme Court challenging the Tribunal's verdict. With the APC's power consolidation undisputed, the administration was expected to capitalise on improved executive/legislature harmony to push through its key policy agenda. President Buhari promised not to seek re-election after his tenure expires in 2023.

This announcement addressed concerns that he may modify the Constitution to seek a third term. The timely assurance by the President was positive for political stability, and particularly eased fears that a third term bid could weaken democratic institutions.

Nigeria – Key Macroeconomic Indicators

Table 1: **Macro Economic Data**

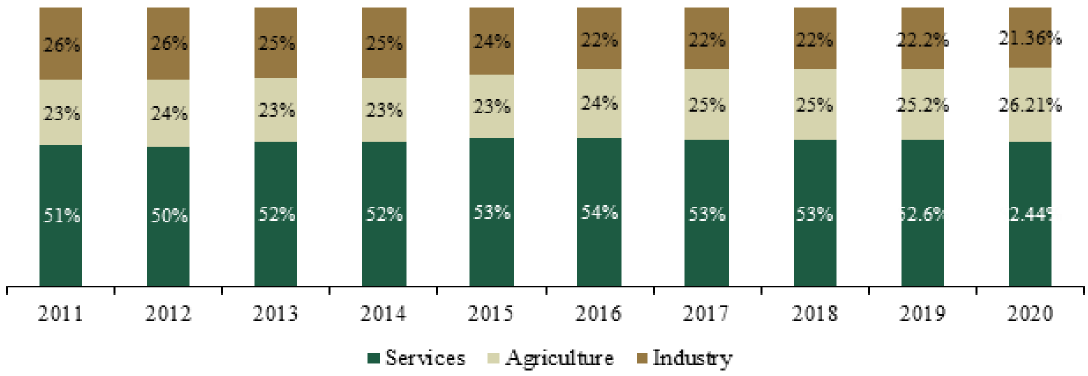
Economic Indicators	**2019**	**2020**	**2021F**	**2022F**	**2023F**	**2024F**
GDP at current prices (U.S.$ billions)	446.5	429.4	508.0	560.0	660.0	742.9
Real GDP growth (%)	2.27%	(1.92)%	2.50%	2.30%	2.20%	2.10%
GDP per capita (U.S.$ market exchange rates)	2,222	2,083	2,602	2,830	3,075	3,346
Average Consumer Price Index (CPI) (%)	11.39%	15.75%	17.47%	16.10%	14.80%	13.50%
Monetary policy rate (%)	13.5%	13.5%	14.0%	14.0%	13.5%	13.5%
Current account/GDP (%)	(3.6)%	(4.5)%	(2.5)%	(2.0)%	(1.5)%	(1.4)%
Population (million)	201.0	206.1	211.4	216.7	222.2	227.7
Total external debt (U.S.$ billions)	27.4	33.3	35.0	35.4	41.5	45.6
Total external debt (% of GDP)	6.1%	7.8%	7.5%	7.5%	7.5%	7.5%
Exchange rate U.S.$/₦ (average)*	360.7	410.3	420.0	435.0	440.0	450.5

Source: IMF, DMO, Chapel Hill Denham Research
** refers to I&E Window rate*

2020 GDP by Sector Contribution

According to the NBS, the services sector contributed the largest percentage to Nigeria's real GDP as at 31 December 2020, accounting for 52.44% of aggregate GDP. The services sector was dominated by information & communications and finance and insurance in 2020. The agriculture sector trailed with a contribution of 26.20%. The agriculture sector is dominated by crop production. The industrial sector followed with 21.36%, mainly attributed to food, beverage and tobacco production and footwear and textile production. A breakdown of GDP contribution by sector is given below.

Figure 2: **Sectoral Contributions to GDP**



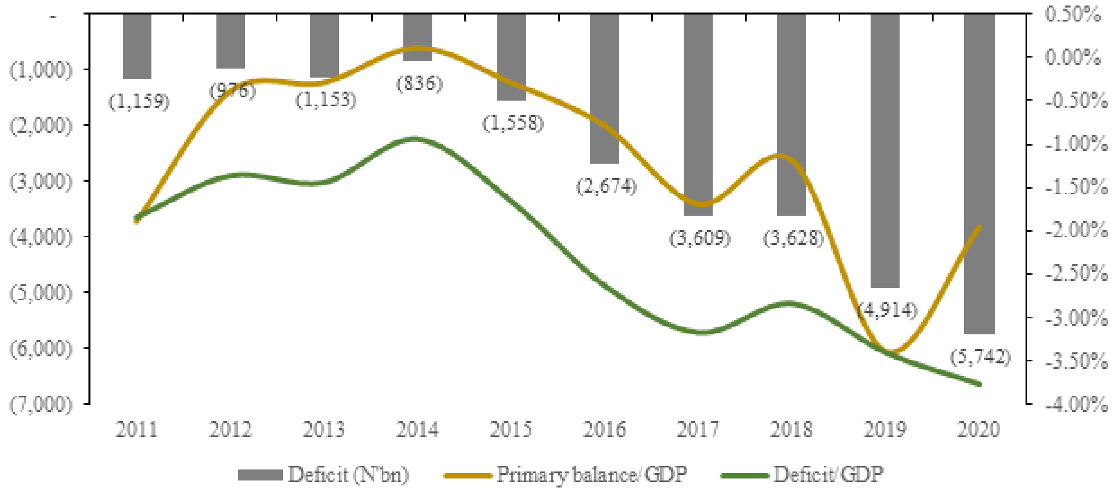
Source: DMO, Chapel Hill Denham Research

Fiscal Deficit

The Federal Government of Nigeria's overall fiscal deficit increased by 16.9% to ₦5.74 billion (3.8% of GDP) in 2020 from ₦4.91 billion (a contraction of 3.4% of GDP) in 2019. Notably, the deficit recorded in 2020 exceeded the 2020 budget benchmark of ₦4.98 billion and the 3.0% of GDP maximum limit set by the Fiscal Responsibility Act (FRA). The worsening fiscal deficit balance is tied to lower oil prices and production caused by a fall in demand due to the COVID-19 pandemic. Over the past three years, fiscal deficits have significantly missed targets due to ambitious revenue estimates and expenditure pressure.

The new minimum wage law prescribes an upward review of minimum wage to ₦30,000 per month from ₦18,000 per month. The labour union and the Federal Government have also negotiated a consequential adjustment in wages of civil servants across all levels. The impact of higher personnel expenditure is expected to be offset by new revenue measures. The revenue measures include: (1) the Deep Offshore and Inland Basin Production Sharing Contract ("**PSC**") Act, which improves the fiscal terms for deep offshore fields; and (2) the Finance Act 2020, which, amongst other provisions, prescribes an upward review of the Value Added Tax ("**VAT**") rate to 7.5% from 5.0%. In 2021, the Federal Government has budgeted a fiscal deficit of ₦5.6 trillion. This will be financed using the conventional method of combining domestic borrowing, external debt and monetary financing by the CBN.

Figure 3: **Nigeria's Fiscal Deficit**



Source: CBN, Chapel Hill Denham Research

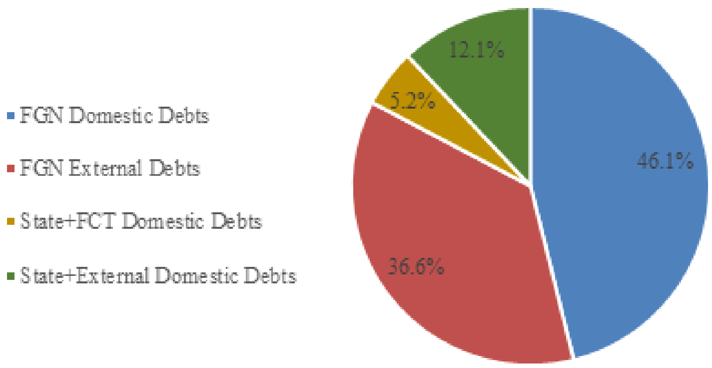
Public Debt

As at December 2020, Nigeria's total public debt was U.S.$86.4 billion (₦32.9 trillion or 21.61% of GDP) according to the DMO. Of the outstanding public debt, the external component was U.S.$33.3 billion (₦12.7 trillion), having increased from U.S.$10.7 billion in 2015 after the DMO started implementing a new medium term (2016-2019) debt management strategy. The 2016-2019 debt management strategy targets a debt composition of 60:40 for domestic and external debt, respectively, as against 83:17 at end-2015, so as to reduce the cost of debt servicing while taking into consideration the need to moderate foreign exchange risk. The domestic debt stood at U.S.$53.0 billion (₦20.2 trillion), having increased from U.S.$54.7 billion (₦10.5 trillion) in 2015. The sharp increase in external borrowings had altered the debt mix to 61:39 for domestic and external debt, respectively, in December 2020.

The DMO's medium term strategy also targets a domestic debt mix of 75:25 for long- and short-term debts, respectively, from 69:31 as at December 2015, with the objective of reducing debt service cost and rollover risk. The Federal Government has subsequently reduced its treasury bills liabilities and achieved the objective of lengthening the maturity profile of its domestic debt. As at December 2020, the domestic debt mix stood at 74:26 for long- and short-term debts, respectively.

Although Nigeria's public debt burden (at 21.61% of GDP based on the DMO's data) is low in comparison to peers, focus has shifted to weak debt affordability as indicated by the high debt service cost to revenue ratio. The ratio of debt service cost to revenue increased from 38% in 2015 to 69% in 2017 before moderating to 35.8% in 2020. As such, despite the moderate public debt level, fiscal space is considerably limited without revenue reforms to improve debt affordability and reduce debt sustainability risk.

Figure 4: **Public Debt Profile as at December 2019**



Source: DMO, Chapel Hill Denham Research

Capital Markets

Sentiment for Nigerian equities improved significantly in 2017 following the pro-market FX reforms by the CBN and the economic recovery. The All Share Index returned 42.3% in the year to emerge as one of the best performing in the world. The ASI lost momentum in 2018, shedding 17.8% in 2018, partly due to a global risk aversion for emerging and frontier markets ("**EM/FM**") assets, as well as idiosyncratic domestic factors ranging from an increase in political risk premium ahead of the 2019 general elections to the weak momentum of the economic recovery.

Despite a broad-based recovery in EM/FM risk appetite in 2019, the Nigerian equity market extended its losing streak into the year with the All-Share Index losing 14.6%, ranking amongst the worst performing stock exchanges in the world. Despite seemingly low valuation of equities and dovish policy outlook of key central banks in Europe and the U.S., foreign portfolio investors inflow into the equity market remained weak in 2019 due to weak growth momentum and a subdued earnings outlook.

The primary market, however, witnessed a boom with two large equity listings in the year. Nigeria's largest telecommunications company, MTN Nigeria Plc, listed by introduction in May 2019. Airtel Africa Plc followed in July 2019 with an Initial Public Offering ("**IPO**") and secondary listing on the NGX. Both listings have boosted equity market capitalisation, which was up 10.6% in 2019. By 2020, the NGX advanced by +50% to close the year, ranking as the best performing stock market globally.

Similar to the equity market, sentiments in the fixed income market turned bullish in 2017 as yields compressed by 305 basis points on the sovereign yield curve to an average of 13.93% on 29 December 2017, due to the rebound in foreign portfolio inflows following the CBN's pro-market FX move. The DMO's strategy to reduce domestic debt issuance in favour of external debt also supported the bullish sentiment in the fixed income market in 2017. The market turned bearish in mid-2018 due to risk aversion for EM/FM assets, weaker oil prices and escalation of the trade conflict between the U.S. and China. The CBN also tightened its balance sheet policy in response to rising domestic political risk premium ahead of the 2019 elections. The market turned bearish in 2019, as the sovereign yield curve has moved lower by over 5.0ppts to an average of 9.55%, thanks to the interest rate cut by the CBN in March (50 basis points reduction to 13.50%) and the unexpected change in the structure of the fixed income market. Although EM/FM LCY bonds rallied in 2019 due to the dovish policy bias of most central banks, Nigerian bonds outperformed, returning 35% compared to a 12% return on the broader EM LCY bond universe. Much of the fixed income rally in 2019 came between September and December, driven by the regulatory decision of the CBN to exclude non-bank local investors from buying OMO bills. Alternative fixed income securities are limited (treasury bills are minimal at ₦2.7 trillion), hence the aggressive positioning in bonds and treasury bills after restriction in the OMO market.

Due to the dovish stance of the CBN to support growth due to the unpalatable effects of the COVID-19 pandemic, yields in the fixed income market were largely reduced in 2020. This prompted bearish sentiments in 2020 as investors sold off their fixed income instruments to reposition into equities. However, with the gradual recovery of the global economy, yields are beginning to pick up as demand for high-yield EM instruments is on the rise.

Foreign Reserves

As at December 2020, Nigeria's foreign reserves stood at U.S.$35.4 billion compared to U.S.$38.6 billion in December 2019 and U.S.$43.1 billion in December 2018, representing a decline of 8.3% year-on-year in 2020 and 10.4% year-on-year in 2019. The decline in external reserves is against the backdrop of low oil prices, mounting capital reversal among FPIs and a dip in foreign remittances due to the outbreak of COVID-19. Brent crude oil piece dipped by 69% between January and April 2020 as prices assumed a low of U.S.$19.33/barrel as at April 2020.

The foreign portfolio also dropped from U.S.$24.0 billion in 2019 to U.S.$9.7 billion in 2020, signalling outflows of FPIs due to the COVID-19 shock and low-yield environment. Foreign interest in OMO dropped from U.S.$14.6 billion in December 2019 to U.S.$10.9 billion in December 2020. The Federal Government launched a security operation in August 2019 to reduce the pressure in the current account and support local industry. The operation includes a partial land blockade with neighbouring countries such as Niger, Benin and Cameroon. This was done to reduce the illegal export of highly subsidised petrol from Nigeria and smuggling of banned items into Nigeria.

Foreign Exchange

The CBN has intensified efforts to converge Nigeria's multiple exchange rates in a bid to reduce arbitrage incentives and round-tripping. In 2019, the CBN adjusted the retail and wholesale intervention USD/NGN rate to ₦358 from ₦330 in August 2018. Also, the CBN adjusted the foreign exchange rate for computing customs duty to ₦326 in 2019 from ₦306 in 2016. The USD/NGN rate in the I&E Window, which is the most flexible of the multiple exchange rates, closed flat year-on-year in 2019 at ₦364.70. The currency initially strengthened following the conclusion of the 2019 presidential election in February 2019, but gave up gains towards the end of 2019 due to capital outflow pressures.

In 2020, Nigeria's foreign exchange market came under pressure as a result of the twin shock of weaker prices and the decline in foreign portfolio inflows, both linked to the COVID-19 pandemic. Against this backdrop, the Naira weakened across all segments of the foreign exchange market. Notably, the CBN adjusted its official USD/NGN peg by 19% to ₦379.0/U.S.$ in December 2020 from ₦307.0/U.S.$ in 2019. The apex bank also engineered an 11% depreciation in the I&E Window, to ₦410.3/U.S.$ from

₦364.70/U.S.$ in 2019. In addition, liquidity weakened substantially in the I&E Window, as the average daily turnover fell by 45% to U.S.$145 million in 2020 from U.S.$262 million in 2019. Furthermore, as a result of demand management measures imposed in the regulated FX windows, as well as lower intervention sales by the CBN in the BDC segment, the NGN depreciated much faster against the USD in the parallel market, by 23% to ₦470.00 as of 2020 from ₦362.00 in 2019. This has led to a wider parallel market premium in the foreign exchange market.

The CBN has begun paying more attention to the approximately U.S.$25 billion annual remittance market to shore up the foreign reserves as U.S. dollar inflows via oil receipts remain challenged by low production quota by OPEC+. The CBN recently introduced a policy on diaspora remittance, where International Money Transfer Operators ("**IMTOs**") are directed to make diaspora remittances available to beneficiaries in foreign currency (U.S. dollars). According to the CBN, foreign currency inflows through this channel should support the balance of payments position, reduce dependence on external borrowing and improve U.S.$ liquidity in the economy. In furtherance of the new FCY remittance policy, the CBN also recently introduced a "five naira for one dollar" scheme, for inflows received via licensed IMTOs. The new scheme means that recipients of U.S. dollar inflows into Nigeria will receive an additional ₦5.00 for every U.S.$ received in cash or paid into domiciliary accounts. While all these are positive, the outlook suggests further adjustments in the I&E Window rate will be required to close the parallel market premium

Furthermore, in May 2021, the CBN temporarily removed the official exchange rate from its website sending a signal of a possible devaluation of the Naira. Following this development, the Minister of Finance, Zainab Ahmed, said the Federal Government had adopted the NAFEX rate used by investors and exporters, effectively devaluing the Naira by 8.2%. The CBN Governor, Godwin Emefiele, also maintained that while the official rate is still maintained by the apex bank, the NAFEX rate of ₦410 was adopted for certain government businesses. This is expected to reduce the demand pressure on external reserves.

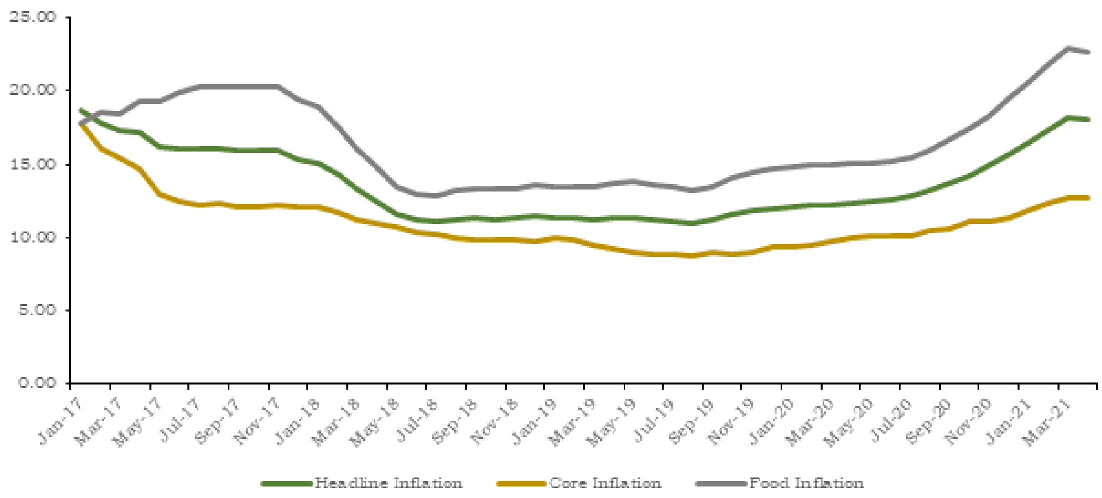
Inflation

The three-year long deflationary trend in consumer price inflation reversed in the third quarter of 2019 as a result of a food price shock triggered by security measures to tighten Nigeria's border controls. Despite opening the border in December 2020, the slowdown in agricultural and industrial production resulted in a pent-up headline inflation rate. Headline inflation peaked at 15.75% in December 2020 and continued until April 2021 at 18.12%, a marginal decline of five basis points, after 19 months of consecutive price surge. This was mainly driven by food inflation as a result of heightened insecurity, COVID-19 and supply chain bottlenecks.

Food inflation closed at 19.56% in December 2020 and accelerated to 22.72% in April 2021. There had been no brake on food inflation in the last 33 months, except for a 23% decline observed in April 2021. Core inflation has also come under pressure, as it assumed double-digits since April 2020 when the lockdown commenced. At 12.74% in April 2021, core inflation is at a 47-month high since the inflection in May 2017, when core inflation trended at 13%.

Historical and current factors driving the poor performance of inflation include high demand (demand-pull pressure), high cost of production, exchange rate depreciation, low agricultural production, concerns about hikes in electricity tariffs, implementation of the new minimum wage, proposed removal of fuel subsidies, the hike in VAT rate to 7.5% from 5% and other fiscal/monetary factors. However, upside risks to consumer prices are elevated, from demand-pull factors and supply-push factors.

Figure 5: **Inflation trend** (**%**)



Source: DMO, Chapel Hill Denham Research

Interest Rates

The CBN's monetary policy stance turned accommodative in the second quarter of 2019 in response to muted inflationary pressures, stability in exchange rates and weak domestic growth. The MPC of the CBN, in March 2019, slashed its benchmark MPR by 50 basis points to 13.50%, marking the first interest rate cut since 2015. The CRR was retained at 22.5% while also retaining a liquidity ratio of 30%. The asymmetric corridor around the MPR was maintained at +200 and -500 basis points. Following the benchmark interest rate cut, the CBN also loosened its balance sheet policy with a structural change in the structure of the fixed income market, via a restriction in the sale of OMO bills to non-bank domestic investors. The liquidity glut in the money market, created by the ban on OMO sales to non-bank domestic investors, forced the CBN to tighten liquidity at the January 2020 MPC meeting. Against expectation, the MPC raised the CRR by 500 basis points at the January 2020 MPC meeting to 27.5% from 25.0%, which remains the current rate as at the date of this Base Prospectus.

In July 2019, the CBN introduced a minimum loan-to-deposit ratio regulation, set at 60%, to encourage banks to lend to the real estate sector. Banks are to assign a weight of 150% to loans to SMEs, retail, mortgage and consumer lending when computing the LDRs, in a bid to encourage lending to these sectors. The CBN will impose an additional CRR on banks that fail to meet the minimum LDR, which will be equivalent to 50% of the lending shortfall of the target LDR.

In October 2019, the CBN increased the minimum Loan-to-Deposit Ratio requirement to 65%. Furthermore, a new guideline for accessing the CBN's standing deposit facility was released in July 2019, wherein the remunerable daily placement by banks was capped at ₦2.0 billion. The CBN Governor, in recent interviews, ruled out further interest rate cuts until the inflation rate moderates to the CBN's single digit target. However, the CBN is expected to continue to use administrative tools to incentivise banks to increase lending to the real estate sector and bolster economic growth.

Reforms

Nigeria is currently concurrently implementing two major economic development plans: the Medium Term National Development Plan ("**MTNDP**") – 2021-2025 and the Nigeria Economic Sustainability Plan ("**NESP**"). These plans replaced the Vision 20:2020 and Economic Recovery and Growth Plan ("**ERGP**"), which partly achieved its objectives. The NESP was enacted to drive the recovery of the Nigerian economy caused by the impact of the COVID-19 pandemic. The ₦23 trillion NESP anchors on job creation and fiscal expansion through mass agricultural and housing programmes, renewable energy, digitisation, public works, support for SMEs and diversification from liquid crude to gas, among others. On its part, the MTNDP is the current medium-term planning framework of the Federal Government. The strategic objectives of the MTNDP include: to establish a strong foundation for a diversified economy, with robust MSME growth, and a more resilient business environment; to invest in critical physical, financial, digital and innovation infrastructure; to build a solid framework and enhance capacities to strengthen security and ensure good governance; and to enable a vibrant, educated and healthy populace.

The Ministry of Power is also implementing the Power Sector reform programme ("**PSRP**"), a medium term (2017-2021) plan developed and supported by the World Bank. The plan is aimed at resolving the current challenges in the power sector, restore its financial viability and improve power supply. There is also the U.S.$2 billion Siemens power deal that is expected to raise electricity generation in Nigeria from 4,500MW to 25,000MW.

The summary of reforms under the Vision 20:2020, MTNDP, ERGP and PSRP are set out below:

Nigeria's Medium Term National Development Plan (MTNDP) - 2021-2025

The goal is that by 2025, Nigeria has laid the foundation for a strong institutional structure and systems driving efficient implementation of at least 60% of the targets in the MTNDP. The Federal Ministry of Finance, Budget & National Planning will harmonize and consolidate different coordination functions/mechanisms, enabling more streamlined management of the MTNDP implementation.

The MTNDP focuses on the following main areas:

- economic growth and development – to achieve a growth rate of 6-8% required for significant positive development;
- infrastructure – transport, renewable energy, housing digital economy and financial and capital market development;
- public administration – improving the state of defence and security, governance, institutions, anti-corruption, foreign policy and international economic relations;
- social development – addressing the complexities around women and gender balance, poverty alleviation, job creation, population and identity management, youth and sport development and environment and disaster management; and
- regional cooperation and economic development.

Nigeria Economic Sustainability Plan (NESP)

The NESP calibrates economic growth based on three scenarios for the recovery of the Nigerian economy from the COVID-19 shock using three different projections of crude oil prices – U.S.$15/bl, U.S.$20/bl and U.S.$30/bl. The plan consolidates fiscal and monetary policy measures to steer the course of the Nigerian economy for one year, ending in 2021.

Some of the fiscal policy measures include the following:

- deregulate the price of refined petroleum products and establish a sustainable framework for maintaining the national strategic stock;
- activate the provisions of the Finance Act 2020 in support of MSMEs;
- unlock available funds in Special Accounts to create a ₦500 billion intervention fund;
- expand the scope of the Road Infrastructure Tax Credit Scheme ("**RITCS**"); and
- implement the VAT reforms in the Finance Act 2020, maintaining the increase in VAT rate to 7.5%.

Some of the monetary policy measures include the following:

- provide ₦1 trillion in loans to boost local manufacturing and production across critical sector;
- unify exchange rates to maximise Naira returns to FAAC from foreign exchange inflows;

- manage the exchange rate in a sustainable manner;
- invoke partial risk guarantees for SMEs;
- grant additional moratorium of one year on CBN intervention facilities;
- reduce interest rate on intervention facilities from 9% to 5%;
- create ₦100 billion target credit facility for affected MSMEs;
- grant regulatory forbearance to banks to restructure terms of facilities in affected sectors; and
- improve foreign exchange supply to the CBN by directing oil companies and oil service companies to sell foreign exchange to the CBN rather than the NNPC.

Power Sector Recovery Programme (**PRSP**)

The objectives of the PRPS include: (i) restoring the sector's financial viability; (ii) improving the power sector reliability to meet growing demand; (iii) strengthen the sector's institutional framework and increase transparency; (iv) implement clear policies that promote and encourage investor confidence; and (v) establish a contract-based electricity market. At the core of the programme is comprised of three areas of interventions, detailed below.

- *Financial intervention to fully fund historical and future deficit* – the plan aims to establish a sustainable and appropriate electricity tariff and fully fund projected sector deficits due to tariff shortfall from 2017 to 2021. Historical deficits due to tariff shortfall and MDAs electricity debt will also be cleared as part of the financing plan.
- *Operational and Technical Intervention* – Ensure minimum baseline power of 4,500 MWh/hour to the national grid is distributed daily to achieve grid stability and phase out operational shortages. Improve Discos performance by employing a balanced approach of incentive regulation, monitoring and enforcement, aimed at ensuring aggressive ATC&C loss reduction. Address major issues constraining gas availability in the power sector, notably pipeline vandalism, arrears due to gas suppliers and lack of payment security for guarantees.
- *Governance intervention* – restore sector governance, improve sector transparency, and make contracts fully effective.
- *Policy intervention* – increase awareness of fiscal and monetary policies pertaining to power sector, increase electricity access via off-grid and renewable energy solutions.

Regulatory and Legislative Environment

The law governing the formation and regulation of companies in Nigeria is set out in CAMA. Where a company intends to undertake a public offering of its securities, such offering will be regulated by the provisions of the Nigerian ISA and the rules and regulations of the Nigerian SEC. All companies, both local and foreign, intending to carry on business in Nigeria must be registered with the Corporate Affairs Commission, which is the body responsible for the registration and regulation of companies. The principal laws regulating foreign investment in Nigeria are the Nigerian Investment Promotion Commission Act 1995, Cap N117, Laws of the Federation 2004 ("**NIPC**") and the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act 1995, Cap F34 LFN 2004 ("**Nigerian Forex Act**").

The Nigerian Forex Act establishes an Autonomous Foreign Exchange Market and provides for the monitoring and supervision of the transactions conducted in the market. Transactions in foreign exchange are therefore expected to be conducted in accordance with the provisions of this act. The Nigerian Forex Act allows any person to invest in any enterprise or security, with foreign currency or capital imported into Nigeria through an authorised dealer (being a bank licensed by the CBN to deal in foreign currencies) either by telegraphic transfer, cheques or other negotiable instruments and converted into Naira in the market in accordance with the provisions of the Nigerian Forex Act. The Nigerian Forex Act guarantees unconditional transferability of funds that have been imported into Nigeria.

The transferability, which does not require any further approval, could be by way of dividends or profits attributable to the investment; payment in respect of loan servicing where a foreign loan has been obtained; and the remittance of proceeds and other obligations in the event of sale or liquidation of the enterprise or any interest attributable to the investment under section 15(4). The NIPC provides that any enterprise in which there is foreign participation must be registered with the NIPC. The NIPC permits foreign participation in any business enterprise with the exception of enterprises on the "negative list" of the act. The negative list includes enterprises involved in the production of and dealing in arms, ammunition, narcotic drugs and psychotropic substances.

The combined effect of the NIPC and the Nigerian Forex Act is to guarantee the unconditional transferability of dividends from equity investments and interest on foreign loans as well as capital repatriation in the event of liquidation or divestiture, or repayment of foreign loans. However, this is subject to complying with applicable foreign exchange regulations, specifically obtaining a Certificate of Capital Importation ("**CCI**") – from the Bank through which the investment amount was remitted to Nigeria – as evidence of capital inflow into the country. A CCI will form the basis for eventual repatriation upon divestment. The NIPC gives every foreign investor whose shares are registered under the Act access to arbitration at the International Centre for Settlement of Investment Disputes ("**ICSID**").

Outlook

With the Nigerian economy expanding by 0.11% and 0.51% in the fourth quarter of 2020 and first quarter of 2021, respectively, recovery of the economy is best described as fragile. However, the Group expects growth to trend at ≥1% in the second quarter of 2021 and ≥2% for the year ended 31 December 2021. This will be influenced by intervention programmes of the CBN like the Anchors' Borrowers Programme; Real Sector Intervention Financing; and the Youth Investment Fund. On the fiscal side, the impact of the Finance Act and budget implementation will help achieve this growth, thereby supporting the gradual opening up of the global economy. While growth projection remains tepid, the slow improvement in COVID-19 vaccination and the emergence of new strains of the corona virus constitute a major risk to the Group's projections.

Gradual pick-up in fiscal activities is also expected to rest on the back of measures including: (i) the increase in VAT rate to 7.5% from 5.0%; (ii) introduction of communication services tax at 9%, and (iii) amendment of the PSC to increase the fiscal terms for deep offshore oilfields. Over the short term, the Federal Government faces an interplay of oil price shocks, weak implementation of economic plans, poor diversification of the economy, the encumbrances of doing businesses in Nigeria, rising fiscal deficit and corruption.

The I&E Window rate of the U.S. Dollar against the Naira stood at ₦410/$ as at April, 2020. Pressure will continue to mount on the exchange rate due to low liquidity in the FX market, high backlog of FX demand and weak foreign portfolio investment. External reserves are weak at U.S.$34.2 billion as at June 2020. Reserves have been declining, on average, since April 2016. The CBN is concerned with ensuring the supply-side keeps up with demand, but this is near impossible as demand for FX is growing faster than supply. The Group expects some improvement in the external accounts based on improvements in global trade, but a slim appreciation of the exchange rate.

The President has instructed security agencies to intensify efforts to reduce armed banditry and kidnappings in the Northern region. the Federal Government has secured a court order to proscribe the Islamic Movement of Nigeria (IMN) to check the activities of the Shiite Muslims group. Protests by the group have reduced in recent weeks but risk flaring up as the leader of the group remains in detention by the State Security Services. Boko Haram's control of the territories has successfully been pushed back by security agencies, although the group continues to launch guerrilla attacks on the military and civilians.

In spite of its challenges, Nigeria still presents one of the most compelling frontier/emerging market opportunities in the world due to the following factors:

- *Strong underlying demographics:* The country's huge population, favourable demographics (62% of people below the age of 25) and a growing, albeit slowly, middle class provide wealth-generating capacity for the foreseeable future.

- *Stable political environment:* Nigeria has had relative political stability since 1999, ending the country's preceding 16-year run under military rule. The country has also witnessed three successful civilian-to-civilian transitions since 1999, providing further evidence of the country's commitment to maintaining democracy.

- *Commitment to reforms:* The pace and steady progress of reforms in Nigeria in recent years is testament to the commitment of the Federal Government to developing the country. The reforms have resulted in Nigeria's improved ranking by the World Bank in the ease of achieving business reform, and resulted in a fundamental shift in the public's perception of the Federal Government fiscal responsibility. It is envisaged that the reforms will continue to be the catalyst for improvement in Nigeria's social and economic infrastructure and provide a favourable framework for investment and real growth opportunities across sectors.

- *Wealth of natural resources:* With its large reserves of human and natural resources, Nigeria has the potential to build a highly prosperous economy, reduce poverty significantly and provide the infrastructure, healthcare and education its population badly needs.

- *External debt management:* Nigeria has successfully reined in external debt over the past decade, thereby allowing for an effective management of public finances and promotion of investment.

- *Significant investment opportunities in infrastructure:* It is estimated that Nigeria requires an investment of U.S.$100 billion (₦36 trillion) in infrastructure – power, rail transportation, roads and oil & gas – to achieve and sustain double-digit economic growth rate. The 2021 budget proposal earmarks ₦2.14 trillion (21% of total budget) towards capital expenditure. The Federal Government has also set up the Presidential Infrastructure Development Fund (PIDF) and funded it with U.S.$650 million for investments in infrastructure. The Road Infrastructure Tax Credit Scheme was launched in 2019, via an executive order, to provide incentives for the private sector to construct and rehabilitate 19 roads and bridges totalling 794.4kms. According to the Presidency, the scheme has attracted ₦205 billion in private sector financing, thus reinforcing the Federal Government focus on infrastructure development as well as its drive towards stimulating growth and employment, especially through infrastructure investments.

In conclusion, the ongoing Government reform and fight against corruption and insurgency, continuous drive by the CBN for credit expansion to the real sector, and underlying strong demographic advantages, will continue to present a compelling case for investments in all sectors of the economy.

THE NIGERIAN BANKING SECTOR

As at the date of this Base Prospectus, the Nigerian banking industry consists of 28 commercial banks. This is made up of eight banks with an international licence, 10 banks with a national licence, four regional banks, five merchant banks and one specialised bank. Thirteen of these banks are listed on the NGX, and represent 15.5% of the index market capitalization. Total commercial and merchant banking assets as at the end of 2020 stood at ₦52.97 trillion.

Supervision and regulations of the banking sector

The CBN, in collaboration with the National Deposit Insurance Corporation ("**NDIC**"), regulates and ensures rationality and efficiency in the banking sector. A stable financial sector contributes to broader economic growth and rising standards of living. Prior to January 1999, the CBN was supervised by the FMF but now acts autonomously, with the power to formulate and implement monetary and exchange rate policies.

The CBN is governed by its board of directors which consists of the Governor of the CBN, who acts as Chairman, four Deputy Governors and seven non-executive board members, including the Accountant General of the Federation and the Permanent Secretary of the Federal Ministry of Finance. Each Deputy Governor oversees one directorate of the CBN. The directorates are Operations, Corporate Services, Financial System Stability, and Economic Policy.

The functions of the Financial System Stability Directorate include supervision of banks, which involves onsite examination of banks, especially in relation to their financial condition, internal control systems, reliability of information provided and compliance with corporate governance codes. The CBN also monitors trends in the banking sector and generates industry reports on a monthly and quarterly basis, evaluates the development of the finance sector and monitors other financial institutions. Prior approval of the CBN is required for activities such as changes of auditors, announcements of audited consolidated financial statements, opening and closure of branches, and changes in control and appointments of directors by banks, amongst others.

To forestall anomalies in Nigerian banking activities and in a bid to promote a sound financial system, the CBN introduced the Regulation on Scope of Banking Activities and Ancillary Matters 2010, which introduced a narrower banking model. Banks are no longer allowed to perform non-banking activities such as insurance, and pension fund administration. This led to the divestiture of the non-banking arms of banks and reconstitution of banks into holding companies that own separate banking and non-banking subsidiaries.

The CBN regulates foreign exchange in Nigeria. Nigeria is heavily reliant on oil which, according to OPEC, represents 90% of the total revenue of the country. The collapse of oil prices led to an abrupt decline in the foreign currency revenue and erosion of foreign reserves of the country. The CBN has developed several measures aimed at addressing foreign exchange issues. For example, the revised guideline for the operation of the Nigerian Interbank Foreign Exchange Market and the Primary Dealership Guidelines were introduced in 2016. Furthermore, the introduction of the naira-settled OTC futures market is a measure expected to ease the movement of non-urgent Forex demand from spot to the futures market.

The role of the Nigeria Deposit Insurance Corporation ("**NDIC**") can be brought into sharper focus when examined within the context of its activities in the discharge of its primary mandate of deposit insurance. The NDIC guarantees payments to depositors in case of imminent or actual suspension of payments by insured banks or other deposit-taking financial institutions up to the maximum amount of ₦200,000 per depositor for primary mortgage institutions and microfinance banks, and ₦500,000 per depositor for deposit money banks. The NDIC is also mandated to assist monetary authorities with the formulation and implementation of banking policy in Nigeria to ensure sound banking practices and promote fair competition amongst banks in Nigeria. It also plays a major role in collaborating with the CBN in the liquidation of banks in Nigeria. The powers and functions of the NDIC are stated in the NDIC Act.

In recent times, the banking sector has gone through several regulatory-driven reforms, and various intervention measures have been put in place to further strengthen the system.

Banking Sector Reforms

Banking reform in Nigeria is an integral part of the country-wide reform programme undertaken to reposition the Nigerian economy to achieve the objective of becoming one of the largest economies in the world. The various reforms undertaken by the CBN were targeted at making the system more effective and strengthening its growth potential. The recent experience from the global financial crisis has further underscored the imperatives of countries to undertake banking reforms on a regular basis.

The world economy was hit by an unprecedented financial and economic crisis in 2008 that resulted in a global economic recession. This crisis led to the collapse of many world-renowned financial institutions. The Nigerian economy weakened and was hit by the secondary effect of the crisis as the stock market collapsed by 70% in 2008-2009 and many Nigerian banks bore huge losses, particularly as a result of their exposure to the capital market and the downstream oil & gas sector of the economy. To restore confidence and stability in the banking system, the CBN had to rescue eight banks through capital and liquidity injections and management changes (including some prosecutions of the latter).

Following the banking crisis of 2008, the CBN articulated a blueprint known as "The Project Alpha Initiative" to reform the Nigerian financial system in general and the banking sector in particular. The reforms were aimed at removing the inherent weaknesses and fragmentation of the financial system, integrating the various ad hoc and piecemeal reforms and releasing the huge potential of the economy. The banking sector has since gone through several regulator- driven reforms and developments, some of which are discussed below.

Repeal of the Universal Banking Model and introduction to Regulation 3

The universal banking model, adopted in 2000, allowed banks to diversify into non-bank financial business. Some banks abused the objectives of the universal banking model with banks operating as private equity and venture capital funds to the detriment of core banking practices. To address these challenges, the CBN reviewed the universal banking model with a view to directing banks to focus on their core banking businesses only.

To address these challenges, in October 2010, the CBN repealed the universal banking guidelines which had been in operation since 2000, and issued new rules and guidelines for the banking licences regime titled "Regulation on the Scope of Banking Activities & Ancillary Matters, No. 3, 2010". The new rules, according to the CBN, were aimed at streamlining banking operations in Nigeria as well as reducing the exposure of banks to higher operational risks. Upon the new regulation coming into force, licensed banks were authorised to undertake the following types of business: commercial banking (with either regional, national and international authorisation); Merchant (investment) banking; specialised banking (microfinance, mortgage, non-interest banking (regional and national)); and development finance institutions.

This rule effectively required banks to divest from all non-banking business or to adopt a non-operating holding company structure in compliance with the regulation. Under Regulation 3, commercial banks were also required to maintain a minimum paid-up share capital of ₦10 billion for institutions granted a regional banking licence, ₦25 billion for institutions granted a national banking licence and ₦50 billion for institutions granted an international banking licence. On the other hand, merchant banks are required to have a share capital of ₦15 billion, and specialised banks a capital of ₦10 billion.

The 2010 Regulations represent a positive step by the CBN to sanitise the banking sector, with the aim of ensuring financial stability. Since the release of the 2010 Regulations, the Nigerian banking system has witnessed a flurry of restructuring and reorganisations, which has have reduced the risks to which the banks were previously exposed as a result of their operations and restored investor confidence.

Recent Trends in the Banking Industry

Bank Consolidation: The past two years have witnessed two major bank consolidations. Polaris bank, a CBN bridge bank took over defunct Skye bank in 2018, while the Bank took over the defunct Diamond bank in 2019.

Loan Restructuring: CBN requested banks to grant loan forbearance in March 2020 for leveraged businesses and households, particularly in the oil & gas, agriculture and manufacturing sectors. This forbearance has been extended for another year, and will now end in March 2022.

Intervention Funds: New CBN intervention funds were created to cushion the impact of the pandemic on the economy. The ₦100bn health facility, ₦1 trillion manufacturing facility, ₦200 billion SME fund and ₦50 billion for households were all created out of the need to support critical sectors of the economy.

Increased Retail Drive: Financial Inclusion Growth in the industry has engendered growth in the retail banking business. The retail banking segment, over time, has proven to be a good source of low cost deposits as it assists with keeping overall interest expenses low. Also, the LDR policy favours loans given to SMEs and retail customers.

Increased Presence of Fintechs: There are over 200 fintechs in Nigeria, with investments reaching 197% in the past three years. Of the fintech players, 39%, 28% and 11% are present in the payment, lending and savings space, respectively. Banks have responded by launching fintech solutions through in-house innovations or collaboration with Fintechs.

Increased Risk Asset Creation: Banks were mandated, by the CBN, to meet the minimum of 65% (initially 60%) LDR in 2019. Loans have grown by 29% to reach ₦21.02 trillion in Q1 2021 relative to Q3 2019, when the policy was implemented. However, LDR for the industry for Q1 2021 is at 58.4%. Banks failing to reach this level were debited 50% of the lending shortfall.

Digitisation: Many bank customers have become acquainted with online banking tools bank doors were locked at the outbreak of the COVID-19 pandemic. Some banks have introduced agents across the country to use digital services to provide banking services to customers.

Others Include: Ban on cryptocurrencies, meeting Minimum LDR or face penalties, review of minimum interest rate on savings accounts, Increased CRR and Open Banking Reform.

Establishment of AMCON

The AMCON Act was signed into law in July 2010 to achieve a resolution of the banking crisis with minimal impact on depositors, taxpayers and other bank creditors. AMCON was created as a resolution vehicle to assist DMBs in Nigeria with improving their capital and liquidity positions, with the ultimate aim of stabilising the financial system. Pursuant to the provisions of the AMCON Act, AMCON has an authorised capital of up to U.S.$67 million, which is jointly funded by the FMF and the CBN. To achieve its objectives, AMCON is expected to engage the debtors of all Nigerian banks, with a view to taking over their NPLs and restructuring such loans by negotiating more favourable terms of repayment with the debtors. AMCON is also required to appoint asset managers to manage and seek the best returns on the underlying collateral with a view to minimising costs to the Nigerian Government in the event that debtors cannot redeem the debt. With AMCON's intervention, the banking industry ratio of non-performing loans to total credit significantly reduced, from 34.4% to 4.95% within one year of its inception.

The CBN and all the DMBs signed a Memorandum of Understanding on the financing of AMCON. CBN makes annual contribution of ₦50 billion to the Resolution Cost fund which was established mainly for paying AMCON bonds from 2011-2020, while each of the participating banks contributes an amount equivalent to 0.5% of its total assets and off-balance sheet assets annually into a sinking fund as at the date of their audited financial statements for the immediately preceding financial year. Consequently, the cost of the resolution to the Nigerian taxpayer is significantly minimised. Since inception, AMCON has already acquired about 12,537 NPLs worth ₦1.7 trillion from 22 financial institutions, and some ₦3.66 trillion of depositors' funds have been protected since the creation of the corporation.

Introduction of USSD

Recently, providers of mobile telephony-based financial transactions are increasingly adopting USSD technology while the range of services supported by their mobile transaction services, using the USSD channel, is broadening rapidly. Services provided through the channel include account opening, balance and other enquiries, money transfers, airtime vending, bill payments &c. The USSD technology is a protocol used by the GSM network to communicate with a service provider's platform. It is a session-based, real-time messaging communication technology accessed through a string, which starts normally with asterisk (*) and ends with a hash (#). It is implemented as an interactive menu-driven service or command service. It has a shorter turnaround time than SMS, and unlike SMS, it does not operate by store-and-forward, meaning that data are neither stored on the mobile phone nor on the application. USSD technology is considered cost-effective, more user-friendly, faster in concluding transactions, and handset agnostic.[5]

Rapid growth in online Banking transactions in Nigeria

While the COVID-19 pandemic has provided lots of challenges, it brought about positive changes in the e-payment landscape. It accelerated the adoption of instant payments as the population transitioned to electronic channels for funds exchange in the wake of Government-imposed lockdowns. According to data from NIBBS, mobile and USSD channels accounted for a large element of total transfer transactions in 2020. For context, mobile channels remain the most preferred, with 43% of total transactions, while USSD is the next preferred with 35% of transactions. This indicates that 78% of total transfer transactions were carried out using a mobile device. Additionally, a significant spike was observed for Internet Banking transactions, as they grew to 10% of total transactions. This can be attributed to the move from physical channels, and the closures of branches in key commercial hubs in the wake of the pandemic. Mobile payments and USSD continued to experience steady growth, growing by 84% and 80% respectively year on year. With approximately 49.5% smartphone ownership and an estimated 97 million mobile internet users, there are strong indicators that mobile and USSD payments will see significant growth in the short to medium term.[6]

Financial Inclusion

The global pursuit of financial inclusion as a vehicle for economic development had a positive effect in Nigeria, as the exclusion rate reduced from 53.0% in 2008 to 46.3% in 2010. Encouraged by this positive development, the CBN in collaboration with stakeholders launched the National Financial Inclusion Strategy on 23 October 2012 aimed at further the exclusion rate to 20% by 2020. Specifically, adult Nigerians with access to payment services is to increase from 21.6% in 2010 to 70% in 2020, while those with access to savings should increase from 24.0% to 60%; and Credit from 2% to 40%, Insurance from 1% to 40% and Pensions from 5% to 40%, within the same period. However, according to Enhancing Financial Innovation and Access (EFInA), only 64% of Nigerian adults were financially included by the end of 2020. This means that 36% of Nigerian adults or 38 million adults remain completely financially excluded.

In recent times, some promising developments have emerged. For instance, the CBN and the Nigerian Communications Commission signed an MoU on digital payment systems in 2018. In the same year, CBN collaborated with the Nigeria Interbank Settlement System ("**NIBSS**") to create a regulatory sandbox that will allow financial technology start-ups to test solutions in a controlled environment, and is partnering with the private sector to roll out a 500,000-agent network to offer basic financial services.

In addition, several players in the private sector have introduced new products and services aimed at the unserved/underserved, and new partnerships are driving the delivery of digital financial services more widely – programmes have been launched to boost access to finance specifically for excluded groups such as women and micro, small and medium-sized enterprises.

Use of Bank Verification Number ("**BVN**")

The CBN, in conjunction with the Bankers Committee, introduced a financial inclusion strategy targeted at increasing access to financial services for many Nigerians at reduced cost. Following the introduction of a "cashless policy" in 2013, the CBN initiated the Bank Verification Number ("**BVN**") project in February 2014. The BVN initiative aims to allocate a unique identification number to every customer which can be verified in the Nigerian banking system. The objectives are to improve banking reach, capture customers' data, reduce fraud, and enhance credit growth over the long term.

Over 2,000 BVN machines were deployed in 2014 to facilitate the enrolment process. An initial deadline of 30 June 2015 was set by the CBN for the completion of the BVN enrolment exercise but was extended to 31 October 2015. According to the CBN, the extension was expected to facilitate a smooth completion of the registration exercise. The CBN stipulated a purportedly final deadline of 31 December 2017 for the customers of other financial institutions to enrol and/or submit their BVN details. Following this, the CBN

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5 The Regulatory Frame work for the use of Unstructured Supplementary Service Data (USSD) in the Nigerian Financial System (2018) – Banks and Payment System Department (CBN)

6 NIBSS Insight (3rd Edition): Instant Payments – 2020 Annual Statistics

issued a directive in January 2018 mandating other financial institutions to place all accounts without BVN on a "post no debit status". However, credit payments may be received into such accounts.

Non-Interest Banking

Non-Interest Banking ("**NIB**") is a system of financial services that provide unique services in accordance with Islamic religious jurisprudence and Sharia principles, and are fully regulated by the relevant regulatory authorities as provided for in sections 9, 23 and 52 of the Bank's and other Financial Institution Act ("**BOFIA**") 1991 as amended. The CBN is empowered by law to issue licences to appropriate entities for the establishment of Non-Interest Banks provided they meet the banking requirements.

In 2011, the CBN issued the Guidelines for the Regulation and Supervision of Institutions Offering Non-Interest Financial Services in Nigeria (the NIFI Guidelines). The NIFI Guidelines provide the framework for the provision of non-interest banking services in Nigeria and the licensing of such institutions. The guidelines focus on non-interest financial institutions operating under the principles of Islamic jurisprudence. Non-interest banking has been the subject of debate in Nigeria on whether its religious connotations align with the constitutional secularity of the country.

Implementation of International Financial Reporting Standard ("**IFRS 9**")

Nigerian banks now comply with IFRS 9, a new accounting standard for financial instruments that became effective on 1 January 2018. IFRS 9 differs from the previous reporting standard IASB 39 in various ways, but the key change is the difference in impairment recognition. IFRS 9 requires banks to recognise impairment sooner than under IASB 39 and to recognise estimated lifetime expected losses against a wider spectrum of financial assets. This is completely different from the incurred loss model, which required banks to set aside specific provisions only when they incurred losses, or when the counterparty or financial asset defaults on its obligations.

To mitigate the impact of the COVID-19 pandemic, the Group has deployed the use of a macroeconomic forecasting model, and monthly reviews of macroeconomic scenario analysis and stress tests. Furthermore, the group has made loan amendments and alignments where appropriate, in line with regulatory guidance and pursued FCY conversions to local currency to reduce currency risk. The Group has adopted selective lending to attractive sectors including retail and digital lending, and participated in various initiatives led by regulators in the various countries and regions in which the Group operates for example, healthcare lending. In addition, the Group has intensified portfolio review sessions for borrowers based on the scenario analysis outcomes – former DB borrowers, O&G, forbearances, Stage 2 exposures and borrowers identified from stress tests.

The COVID-19 pandemic created circumstances of uncertainty around businesses, countries and the world at large, thereby posing threats to financial performance across entities. That led to pronouncements by standard setters and regulators around the world on how to determine default and estimate provision.

- However, the Bank chose to maintain the Group’s prudent approach to preserve the standard of its asset quality irrespective of the seemingly relaxed guideline{s} prescribed by the regulators. Based on the foregoing, the Bank undertook a review of current methodologies used in the assessment of SICR and measurement of ECL in consideration of the likely impacts of the pandemic as shown below.

    - Macroeconomic forecasts under different scenarios were developed using key macro indicators that drive the Nigerian economy and estimating the tenor of the disruption.

    - The effects of market disruption and uncertainties were assessed for different sectors of the Portfolio based on projections on how long the disruptions might last.

    - The effectiveness of government palliatives, management actions and mitigation available to the obligors was then assessed to determine if a significant increase in credit risk would occur on the portfolio.

    - Where a customer had vulnerabilities prior to the COVID-19 pandemic and the COVID-19 pandemic aggravated the likelihood of default, the Access Bank's normal staging methodology is applied even if there is a moratorium.

As at 31 December 2020, management overlay to the impairment allowance was ₦2.74 billion, representing 1.95% of the total impairments.

Banking Sector Outlook

- The COVID-19 pandemic is having significant adverse consequences for both global and Nigerian economies. It has already led to unprecedented disruptions in global supply chains, sharp reduction in crude oil prices, and turmoil in global stocks and financial markets. To curb the problems these cause, the CBN announced the following policy measures which include: extension of moratorium, interest rate reduction, creation of a ₦50 billion targeted credit facility, credit support for the healthcare industry, regulatory forbearance and strengthening of the CBN LDR policy. Consequently, Nigeria's banking sector asset quality over 2020 remained subdued as NPL remained low, at 6% in December 2020. However, with new variants of the COVID-19 pandemic appearing, the Nigerian banking industry NPLs are at risk as economic activities could be impacted if the pandemic again becomes full blown.

- The Group also contends with political, regulatory and macroeconomic factors that could affect the bank's operations. On the political front, rising agitation for political reforms and constitutional review creates a major political risk, as these could materially change the dynamics of Nigeria's political environment and judicial system. Also, growing secessionist agitations – particularly from the south-east and south-west regions of Nigeria, as well as agitation by militants in the Niger Delta – could stall economic activities in the country. Furthermore, incessant switching of political affiliations and loyalties creates uncertainty and makes it difficult to plan and successfully predict outcomes in the political scene. There is also tension brewing ahead of the 2023 elections as political players jostle for prelevance. In addition, some insurgency in parts of Mozambique and isolated cases of unrest in some areas of DR Congo, albeit minimal, could impact the bank's operations.

- On the regulatory front, the regulatory environment is laced with uncertainty as the CBN continues to make frequent policy changes. The CBN raised the Loan-to-Deposit Ratio and set a penalty for companies that fail to comply. Furthermore, the CBN reviewed the minimum interest rate on savings accounts and increased cash reserves ratio by 500 basis points to 27.5%. In addition, the CBN, in a bid to promote financial system stability, issued the regulatory framework for open banking in Nigeria.

- On the economic front there are growing security concerns with Boko Haram kidnappings (especially from schools), Fulani herdsmen and farmers clashing, amongst others. This could lead to food shortages and trigger upward movements in headline inflation. Also, rising unemployment and poverty could reduce the demand for financial products and limit growth in banks' assets. Furthermore, declines in commodity prices due to falls in global demand, and the associated impacts on foreign currency reserves and local currencies, are potential risks to the group. In addition, given the continued global incidence of COVID-19 and its variants, the residual impact could cause strain on economic activity. Finally, the increase in cybercrime could frustrate the group's effort to pursue greater e-channel adoption.

The Nigerian banking industry is also contending with cyber risk, increased competition from Fintech companies, increased regulations, and a customer base continually demanding effective and flexible banking services. These challenges will negatively impact the implementation of Basel III and the minimum Loan-to-Deposit ratio policy of the CBN. Notwithstanding, the banking sector has largely been stable and has made steady progress in terms of reducing non-performing loans and improving capital adequacy. However, a few changes are anticipated, such as:

  - **Consolidation**: The CBN Governor, during the unveiling of his economic agenda for the five-year period (2019–2024) upon his reappointment, alluded to the possible recapitalisation of the industry to ensure global competitiveness, as the minimum capital of banks had weakened due to Naira depreciation;

  - **Crypto Policies**: As the use of cryptocurrency continues to increase globally, perhaps the CBN could rethink the prohibition of financial institutions from dealing in cryptocurrencies or facilitating payments for cryptocurrency exchange; and

- **FX Harmonisation**: There could be more traction / initiatives to further promote the harmonisation of FX following the replacement of the official rate with NAFEX to make the Naira more reflective of the market.

Despite the near-term concerns, the medium- to long-term outlook for the banking sector remains positive, with intensified efforts by the CBN to ensure financial system stability and protect depositors' funds.

Amid the current challenges, Nigeria's large unbanked population and increased consumer switch to electronic banking channels (such as mobile and internet) present a unique opportunity for banks with a wide branch network and viable technologies to promote financial inclusion in the economy. It is likely that banks will emerge from the current crises with new and improved operating models. Measures such as building stronger capital buffers, tighter risk management frameworks, intensified investment in technology, expanding the portfolio of digital banking products, expansion into new markets, and exploring new businesses, amongst others, will likely be implemented as banks position for stronger and more resilient business models.

Furthermore, the release of operating guidelines and licensing of payment service banks ("**PSB**") in 2020 as well as the CBN's issuance of guidance notes governing PSBs in Nigeria in 2021, are expected to intensify competition in the sector as it gives telecommunication companies an entry into the banking industry. On 1 August 2021, the CBN had granted final approvals to three PSB licence applicants, namely Moneymaster PSB, Hope PSB and 9 PSB. Two out of three institutions which have been granted PSB licences by the CBN are owned by telecommunication companies in Nigeria. Moneymaster PSB is owned by Globacom and 9 PSB is owned by 9Mobile, whilst Hope PSB is owned by Unified Payments. The competitive landscape in 2021 will be shaped by the apex bank's level of adherence to the new act, the resilience of non-bank competitors and the reaction of traditional banks to the changing landscape.

There are over 200 FinTech in Nigeria, with investments reaching 197% in the last 3 years. Of the FinTech participants, 39%, 28% and 11% are present in the payment, lending and savings space, respectively. Commercial banks have responded by launching FinTech solutions through in-house innovations or collaboration with Fintechs.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Bank, the Arrangers, the Dealers, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Information in this section has been derived from the Clearing Systems.

Book entry systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "member of the Federal Reserve System, a banking organisation" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book entry changes in the Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**").

More information about DTC can be found at www.dtcc.com and www.dtc.org but such information is not incorporated by reference in and does not form part of this Base Prospectus.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book entry settlement system ("**DTC Notes**") as described below, and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book entry ownership of and payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Principal Paying Agent on behalf of DTC or its nominee and the Principal Paying Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through Direct Participants and Indirect Participants in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg account holders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Transfer Agent and any custodian ("**Custodian**") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between account holders in Euroclear and Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between account holders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Transfer Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg account holders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Euroclear and Clearstream, Luxembourg have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes amongst participants and account holders of DTC, Euroclear and Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Bank, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

Nigeria

General

The following is a general summary of Nigerian tax consequences as of the date hereof. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes. In view of its general nature, it should be treated with corresponding caution. It is not exhaustive and purchasers are urged to consult their professional advisers as to the tax consequences to them of holding or transferring Notes. Except as otherwise indicated, this summary only addresses Nigerian tax legislation, as in effect and in force at the date hereof, as interpreted and applied by the courts or tax authorities in Nigeria, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Taxation of Noteholders

Under Nigerian law, income accruing in, derived from, brought into, or received in Nigeria in respect of dividends, interest, royalties, discounts, charges or annuities is subject to tax. Interest shall be deemed to be derived from Nigeria if: (a) there is a liability to payment of the interest by a Nigerian company or a company in Nigeria regardless of where or in what form the payment is made; or (b) the interest accrues to a foreign company or person from a Nigerian company or a company in Nigeria regardless of whichever way the interest may have accrued. Consequently, interest payments on the Notes derived from Nigeria and accruing to both Nigerian Holders and non-Nigerian Holders would ordinarily be subject to withholding tax in Nigeria at the applicable rate of 10% or 7.5 if the foreign company or person to whom the interest accrues is resident in a country with which Nigeria has a double taxation treaty (which has been domesticated by an Act of the Nigerian National Assembly) and the Issuer would be required to withhold tax on such payments and remit the same to the Nigerian Federal Inland Revenue Service.

However, the Federal Government has approved a waiver of capital gains tax and income tax on all forms of debt instruments and the legislative and administrative processes required to give legal effect to the waivers save for the waiver on capital gains tax have been implemented. In this regard the Federal Government has issued the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011(the "**CIT Order**"), which exempts bonds issued by corporate bodies from tax imposed under the Companies' Income Tax Act for a period of ten years from the date of the CIT Order being 2 January 2012. Therefore, interest payments made by the Issuer to the Noteholders will not be subject to withholding tax under Nigerian law where the tenor of the Notes does not exceed the duration of the CIT Order (2 January 2022). The exemption would be applicable to both Nigerian Holders and Non-Nigerian Holders of the Notes (corporate entities) as the CIT Order is in relation to bonds issued by corporate bodies, including the Bank. Upon termination of the exemption period on 2 January 2022, where the Notes remain outstanding, the interest accruing to both Nigerian Holders and Non-Nigerian Holders would be subject to withholding tax and the Bank would be required by law to withhold tax on interest payment on the Notes.

The Personal Income Tax Act 2004 Chapter P8 LFN 2004 as amended by the Personal Income Tax (Amendment) Act No. 20 of 2011 and the Finance Acts of 2019 and 2020 ("**PITA**") also exempts from taxation any income earned by an individual from bonds issued by corporate bodies such as the Bank. However, there is no limitation period for the exemption granted in the PITA. Thus, except as otherwise provided by any subsequent amendments to the PITA, interest payments by the Bank to individual Noteholders subject to the PITA will not be subject to withholding tax even after 1 January 2022. However, the National Assembly may amend the PITA at any time to either provide for a limitation period for the exemption granted in the PITA or to terminate the exemption.

The Finance Act of 2019 specifically exempts "*securities*" from the definition of goods and services under the Value Added Tax Act Chapter V1 LFN 2004 (as amended) ("**VAT Act**"). On this basis, upon the expiration of the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 (the "**VAT Order**"), VAT will not be payable upon a disposal of the Notes. Prior to the Finance Act of 2019, the Federal Government did not seek to impose VAT on the consideration for the sale of corporate bonds. In relation to capital gains tax, whilst there is no capital gains tax payable upon disposal of any Nigerian Government securities, stocks or shares in Nigeria under the provisions of the Capital Gains Tax Act, Chapter C1 LFN 2004 (as amended by the Finance Acts of 2019 and 2020) ("**CGT**

Act"), there is currently capital gains tax on disposal of corporate bonds or other debt instruments that are not issued by the Federal Government of Nigeria. The CGT Act provides that any gain paid, used or enjoyed in or in any manner or form transmitted or brought to Nigeria shall be treated as being derived from Nigeria for the purposes of the CGT Act. Gains realised by Noteholders that are not resident in Nigeria from the disposal, sale, exchange or transfer of the Notes will not be subject to capital gains tax. In the case of an individual who is in Nigeria for a temporary purpose only and does not have any view or intent to establish his residence in Nigeria, such gain will be subject to tax if the period or sum of the periods for which he is present in Nigeria in that year of assessment exceeds 182 days. However, capital gains tax may, in future, not be charged on gains realised from a disposal of corporate bonds or other non-governmental debt instruments. This is so because the Federal Government of Nigeria has approved a waiver of capital gains tax on gains accruing further to the sale of bonds issued by Nigerian companies, but the necessary legislative and administrative processes required to give legal effect to the waiver have not yet been implemented.

Accordingly, where the exemption period provided in the CIT Order and the VAT Order are not extended and any Notes continue to be outstanding beyond 1 January 2022, interest payments on such Notes may be subject to withholding tax (if held by corporate Noteholders), and to VAT. However, the Issuer has agreed in the Terms and Conditions of the Notes to gross up for any withholding or other taxes and pay such additional amounts as shall be necessary to ensure that the net amount received by the Noteholders after the withholding or deduction shall be equal to the respective amounts which would have been received in respect of the Notes in the absence of the withholding or deduction. See "*Terms and Conditions of the Notes*—Condition 8 *(Taxation)*".

Stamp duties

The Trust Deed, the Agency Agreement and the documents for the issue of any series of Notes are intended to be executed and held outside of Nigeria and are therefore not required to be stamped in Nigeria under the Stamp Duties Act, Chapter S8 LFN 2004 (as amended by the Finance Acts or 2019 and 2020) ("**Stamp Duties Act**"). However, if any such documentation is brought into, received in or deemed to be received in Nigeria for the purpose of admission in evidence before a Nigerian court and enforcement by such courts, or for any purpose whatsoever, the documents will be required to be stamped and will be subject to the payment of the relevant rate of stamp duty, assessed by the Nigerian Commissioner for Stamp Duties, as prescribed by the Stamp Duties Act. Arrangements will need to be made for the payment of stamp duty within 30 days from when the documents are brought into, received in or deemed to be received in Nigeria. By the combined effect of the Finance Act 2019 and the FIRS Information Circular on the Clarifications on the Provisions of the Stamp Duties Act, any document executed outside Nigeria will be "deemed to be received in Nigeria" (and hence liable to stamping and stamp duty as stated above) if such document: (a) is retrieved or accessed electronically in or from Nigeria; (b) (or an electronic copy of it) is stored on a device (including a computer, magnetic storage, etc.) and brought into Nigeria; or (c) (or an electronic copy of it) is stored on a device or computer in Nigeria. Failure to stamp a document would not affect the validity of such document but would render it inadmissible in any civil or arbitration proceedings in Nigeria for the purpose of enforcement.

Stamp duty is payable in Nigeria either on a flat rate or an *ad valorem* basis. Each of the documents, other than the Trust Deed, would be subject to a nominal amount of stamp duty assessed on a flat rate. Based on the schedule to the Stamp Duties Act, the maximum rate of stamp duty payable in Nigeria in respect of security documents securing payment or repayment of money (where the security is not a marketable security transferable by delivery), is 0.375%, levied on an *ad valorem* basis on the value of the underlying transaction whilst the stamp duty payable on the issuance of the Notes transferable by delivery is 2.25%. Based on current practice in Nigeria, it is unclear whether stamp duty will be assessed on the Trust Deed at a flat rate or on an *ad valorem* basis.

Pursuant to the Stamp Duties Act and only in the case the Notes are first received in Nigeria, the stamp duty payable on the issuance of the Notes transferable by delivery is 2.25%. However, with respect to marketable securities that are not transferable by delivery, and again only in the case the Notes are brought into Nigeria, the applicable rate of stamp duties is 0.375%.

In addition, Section 102 of the Stamp Duties Act requires a statement of the amount to be secured by an issue of loan capital by a company in Nigeria to be delivered to the Corporate Affairs Commission of Nigeria ("**Nigerian CAC**") and charged with *ad valorem* duty of 0.125%. However, this duty will not apply where it is shown to the satisfaction of the Nigerian CAC that the duty in respect of a marketable security has been paid on any trust deed. Whilst the application of Section 102 hitherto applied to only secured loan, the FIRS has recently indicated that the section may now also apply to unsecured loan capital. Where the interpretation of the FIRS on payment of stamp duty on unsecured loan capital is affirmed or established, the Issuer would have an obligation to pay *ad valorem* stamp duty on the Notes (based on Section 102) regardless of whether a statement was made to the Nigerian CAC or not. The obligation that arises under Section 102 of the Stamp Duties Act is an obligation of the issuer of loan capital. As a result of this, where Section 102 is deemed to be applicable to unsecured loan capital, (such as the Notes), it would be immaterial whether the Notes are brought into Nigeria or not. In that case, the Bank, being the Issuer of the Notes, would be required to pay stamp duty on the Notes at the rate of 0.125%. whether the Notes are brought into Nigeria or not. See "*Risk Factors—Risks related to the Notes and the trading market—Risks related to the market generally—Enforcement of the obligations of the Bank under the Trust Deed and the Notes may be subject to the payment of Nigerian stamp duty*".

Other taxes and duties

Save as set out above, no registration fees, or any other similar documentary tax, charge or duty will be payable in Nigeria by Noteholders in respect of, or in connection with the issue of the Notes or with respect to the payment of interest or principal by the Issuer under the Notes.

United States

The following summary discusses certain U.S. federal income tax consequences to U.S. Holders (as defined below) of the acquisition, ownership and disposition of the Notes. Except as specifically noted below, this discussion applies only to:

- Registered Notes;
- with a maturity of 30 years or less;
- purchased by U.S. Holders (as defined below);
- purchased on original issuance at their published offer price; and
- that are held as capital assets (generally, property held for investment).

This discussion does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances or to U.S. Holders subject to special rules, such as:

- financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- tax-exempt organizations;
- individual retirement accounts and other tax-deferred accounts;
- dealers in securities or foreign currencies;
- persons holding Notes as part of a hedging transaction, straddle, conversion transaction or other integrated transaction;
- U.S. Holders whose functional currency is not the U.S. dollar;
- investors using the accrual method of accounting for U.S. federal income tax purposes and who are required to recognize any item of gross income for such purposes no later than when such income is taken into account on an applicable financial statement;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes; or

- former citizens and residents of the United States.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof (the "**Code**"), administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury Regulations all as of the date of this Base Prospectus and any of which may at any time be repealed, revised or subject to differing interpretation, possibly retroactively so as to result in U.S. federal income tax consequences different from those described below. No rulings have been requested from the U.S. Internal Revenue Service (the "**IRS**") and there can be no guarantee that the IRS would not challenge, possibly successfully, the treatment described below. This discussion does not address any other U.S. federal tax laws rules (such as the alternative minimum tax or the Medicare contribution tax on net investment income) nor does it address any non-U.S. tax rules. Moreover, this summary does not describe the U.S. federal income tax considerations relating to the purchase, ownership or disposition of a Note treated as a "contingent payment debt instrument" (under applicable U.S. Treasury Regulations) or certain "variable rate debt instruments" (under applicable U.S. Treasury Regulations). The U.S. federal income tax consequences of such Notes will be addressed in a supplement to this Base Prospectus or in a Drawdown Prospectus. Persons considering the purchase of the Notes should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under any other U.S. federal laws or the laws of any state, local or non-U.S. taxing jurisdiction.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organised in or under the laws of the United States or of any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Notes should consult with their tax advisers regarding the U.S. federal tax consequences of an investment in the Notes.

Characterisation and Treatment of the Notes

Whether a debt instrument is treated as debt (and not equity or some other instrument or interest) for U.S. federal income tax purposes is an inherently factual question and no single factor is determinative. The discussion below assumes that the Notes are treated as indebtedness for U.S. federal income tax purposes unless provided otherwise in the Final Terms, although no assurances can be given, with respect to such treatment. If the Notes were not treated as indebtedness, it may affect the timing, amount and character of income inclusion to a U.S. Holder. In addition, the discussion below assumes that certain features of the Notes do not cause them to be "contingent payment debt instruments" for U.S. federal income tax purposes. The following discussion assumes that such treatment will be respected.

There are no regulations, published rulings or judicial decisions addressing the characterisation for U.S. federal income tax purposes of securities issued under the same circumstances and with substantially the same terms as the Subordinated Notes. Although the discussion below assumes that the Subordinated Notes constitute debt for U.S. federal income tax purposes, there can be no assurance that the IRS or the courts would agree with the characterisation of the Notes described below. If the Subordinated Notes were treated as equity interests of the Issuer, U.S. Holders may be treated as owning interests in a "passive foreign investment company" (a "**PFIC**") and U.S. Holders could be subject to a materially greater tax liability on gain from the sale or exchange of the Subordinated Notes and on certain "excess distributions". No determination has been made regarding whether the Company will be classified as a PFIC for its taxable year ending 31 December 2021 or in the future. Prospective investors should consult their tax advisers regarding the characterisation of the Subordinated Notes and the consequences of owning an equity interest in a PFIC.

Pre-Issuance Accrued Interest

If a portion of the price paid for a Note is allocable to interest that accrued prior to the date the Note is issued ("**pre-issuance accrued interest**"), on the first interest payment date a U.S. Holder may exclude (and may be required to exclude, in the case of a Note that forms part of a series of Notes already outstanding) from income, as a return on capital, the portion of the interest received in an amount equal to the pre-issuance accrued interest. The U.S. Holder's tax basis in the Note will not include any pre-issuance accrued interest excluded from income. The remainder of this discussion does not address the treatment of pre-issuance accrued interest. U.S. Holders should consult their own tax advisors with regard to the tax treatment of the pre-issuance accrued interest on the Notes.

Payments of interest

Interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, **provided that** the interest is "qualified stated interest" (as defined below). Interest income earned by a U.S. Holder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the U.S. Holder's foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisers about the application of such rules to them in their particular circumstances. Special rules governing the treatment of interest paid with respect to original issue discount notes and foreign currency notes are described under "*—Original issue discount*", and "*—Foreign currency notes*".

Original issue discount

A Note that has an "issue price" that is less than its "stated redemption price at maturity" will be considered to have been issued with original issue discount for U.S. federal income tax purposes (and will be referred to as an "original issue discount Note") unless the Note satisfies a *de minimis* threshold (as described below) or is a short-term Note (as defined below). The "issue price" of a Note generally will be the first price at which a substantial amount of the Notes is sold to the public (which does not include sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers). The "stated redemption price at maturity" of a Note generally will equal the sum of all payments required to be made under the Note other than payments of "qualified stated interest". "Qualified stated interest" is stated interest unconditionally payable (other than in debt instruments of the Issuer) at least annually during the entire term of the Note at a single fixed rate of interest, at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Note is denominated.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a *de minimis* amount, being ¼ of 1% of the stated redemption price at maturity multiplied by the number of complete years to maturity (or weighted average maturity if any amount included in the stated redemption price at maturity is payable before maturity), the Note will not be considered to have original issue discount. U.S. Holders of the Notes with a *de minimis* amount of original issue discount will include this original issue discount (other than any amount that is treated as qualified stated interest) in income, as capital gain, on a *pro rata* basis as principal payments are made on the Note.

U.S. Holders of original issue discount Notes that mature more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. Under these rules, U.S. Holders generally will have to include in taxable income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in gross income all interest that accrues on any particular Note (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of interest, and generally may revoke such election only with the permission of the IRS (a "**constant yield election**"). If a U.S. Holder makes a constant yield election with respect to a Note with market discount (discussed below), the U.S. Holder will be treated as having made an election to include market discount in income currently over the life of all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies. U.S. Holders should consult their tax advisers about making this election in light of their particular circumstances.

A Note that matures one year or less from its date of issuance (a "**short-term Note**") will be treated as being issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest regardless of issue price. In general, a cash method U.S. Holder of a short-term Note is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so. Cash method U.S. Holders who do not elect to accrue the discount should include stated interest payments on short-term Notes as ordinary income upon receipt. Cash method U.S. Holders who do elect to accrue the discount and certain other U.S. Holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder who is not required and who does not elect to include the discount in income currently, any gain realised on the sale, exchange, or retirement of the short-term Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, those U.S. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term Notes in an amount not exceeding the accrued discount until the accrued discount is included in income.

The Issuer may have an unconditional option to redeem, or U.S. Holders may have an unconditional option to require the Issuer to redeem, a Note prior to its stated maturity date. Under applicable regulations, if the Issuer has an unconditional option to redeem a Note prior to its stated maturity date, this option will be presumed to be exercised if, by utilising any date on which the Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Note as the stated redemption price at maturity, the yield on the Note would be lower than its yield to maturity. If the U.S. Holders have an unconditional option to require the Issuer to redeem a Note prior to its stated maturity date, this option will be presumed to be exercised if making the same assumptions as those set forth in the previous sentence, the yield on the Note would be higher than its yield to maturity. If it was presumed that an option would be exercised but it is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date. The adjusted issue price of an original issue discount Note is defined as the sum of the issue price of the Note and the aggregate amount of previously accrued original issue discount, less any prior payments other than payments of qualified stated interest.

Market discount

If a U.S. Holder purchases a Note (other than a short-term Note) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Note, its revised issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Holder will be required to treat any principal payment (or, in the case of an original issue discount Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Note, including disposition in certain nonrecognition transactions, as ordinary income to the extent of the market discount accrued on the Note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the U.S. Holder to include market discount in income as it accrues. An election to include market discount in income as it accrues applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS. In addition, a U.S. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Note or its earlier disposition (including certain non-taxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Note.

Market discount will accrue on a straight-line basis unless a U.S. Holder makes an election with respect to a particular note to accrue on a constant yield basis (as described under "—*Original issue discount*"). Such election will result in a deemed election for all market discount bonds acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies.

Acquisition premium and amortisable bond premium

A U.S. Holder who purchases a Note for an amount that is greater than the Note's adjusted issue price but less than or equal to sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest will be considered to have purchased the Note at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. Holder must include in its gross income with respect to the Note for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. Holder purchases a Note for an amount that is greater than the stated redemption price at maturity, the U.S. Holder will be considered to have purchased the Note with amortisable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The U.S. Holder may elect to amortise this premium, using a constant yield method, over the remaining term of the Note. A U.S. Holder who elects to amortise bond premium must reduce its tax basis in the Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. Holder and may be revoked only with the consent of the IRS. Bond premium on a Note held by a U.S. Holder that does not make such an election will decrease the gain or increase the loss otherwise recognised on disposition of the Note. Special rules limit the amortisation of bond premium in the case of Notes subject to certain options, including callable Notes. U.S. Holders should consult their tax advisers about these rules if applicable.

If a U.S. Holder makes a constant yield election (as described under "—*Original issue discount*") for a Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the U.S. Holder's debt instruments with amortisable bond premium.

Sale, exchange or retirement of the notes

Upon the sale, exchange or retirement of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the acquisition cost of the Note increased by the amount of original issue discount and market discount included in the Holder's gross income and decreased by any bond premium or acquisition premium previously amortised and by the amount of any payment received from the Issuer other than a payment of qualified stated interest. Gain or loss, if any, will generally be U.S. source income for purposes of computing a U.S. Holder's foreign tax credit limitation. For these purposes, the amount realised does not include any amount attributable to accrued but unpaid qualified stated interest on the Note. Amounts attributable to accrued but unpaid qualified stated interest are treated as payments of interest as described under "—*Payments of interest*".

Gain or loss realised on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. Holder has held the Note for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term Note, to the extent of any accrued discount not previously included in the U.S. Holder's taxable income. See "—*Original issue discount*" and "—*Market discount*". In addition, other exceptions to this general rule apply in the case of foreign currency Notes. See "—*Foreign currency notes*". The deductibility of capital losses is subject to limitations.

Foreign currency notes

The following discussion summarises the principal U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of the Notes that are denominated in a specified currency other than the U.S. dollar or the payments of interest or principal on which are determined by reference to a currency other than the U.S. dollar ("**foreign currency Notes**").

The rules applicable to foreign currency Notes could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Note to be recharacterised as ordinary income or loss. The rules applicable to foreign currency Notes are complex and may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a

U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Notes.

A U.S. Holder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a foreign currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency.

An accrual method U.S. Holder (or cash method U.S. Holder with respect to original issue discount) will be required to include in income the U.S. dollar value of the amount of interest income, including original issue discount, that has accrued and is otherwise required to be taken into account with respect to a foreign currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year.

Alternatively, the U.S. Holder described in the preceding paragraph may elect to translate interest income, including original issue discount, into U.S. dollars at the spot rate on the last day in the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the partial accrual period in the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

A U.S. Holder that has accrued interest income as described in either of the two preceding paragraphs will recognise ordinary income or loss with respect to accrued income on the date the corresponding payment is actually received. The amount of ordinary income or loss recognised will equal the difference between the U.S. dollar value of the foreign currency payment determined on the date the payment is received, and the U.S. dollar value that was accrued with respect to the accrual period.

Original issue discount, market discount, acquisition premium and amortisable bond premium on a foreign currency Note are to be determined in the relevant foreign currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above. Accrued market discount (other than market discount currently included in income) taken into account upon the receipt of any partial principal payment or upon the sale, retirement or other disposition of a Note is translated into U.S. dollars at the spot rate on such payment or disposition date.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis shall reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as payments on the sale, exchange or retirement of the foreign currency Note, as described below. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realised on the sale, exchange or retirement of a foreign currency Note with amortisable bond premium by a U.S. Holder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium.

Gain or loss realised upon the sale, exchange or retirement of a foreign currency Note that is attributable to fluctuation in currency exchange rates will be ordinary income or loss that will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between: (i) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the payment is received or the Note is disposed of; and (ii) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Notes described above. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the foreign currency Note. The source of the foreign currency gain or loss will be determined by reference to the residence of the U.S. Holder on whose books the Note is properly reflected. Any gain or loss realised by these U.S. Holders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount or, in the case of short-term Note, to the extent of any discount not previously included in the U.S. Holder's income. U.S. Holders should consult their tax advisers with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Note accrue and how to account for the U.S. dollar value of payments made or received upon the acquisition or disposition of Notes.

Substitution of Issuer

The terms of the Notes provide that, in certain circumstances, the obligations of the Issuer under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of the Notes by a U.S. Holder in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to (a) recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes) and the U.S. Holder's tax basis in the Notes and (b) if such Notes are treated as having been issued with original issue discount as described above in (*—Original issue discount*), include such original issue discount in the gross income on a constant yield basis. U.S. Holders should consult with their tax advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

Reference rate replacement

Under certain circumstances, the modification or application of certain terms of the Notes including, in certain circumstances, a Reference Rate Replacement. may result in a deemed exchange of "old" Notes for "new" Notes for U.S. federal income tax purposes. As a result of the occurrence of such a deemed exchange, a U.S. Holder may recognise gain or loss, treated in the manner described above, under "— *Sale, exchange or retirement of the notes*", and "new" Notes deemed received in a deemed exchange may be treated as issued with, or with different amount of, OID. The IRS and the U.S. Treasury have proposed regulations, upon which taxpayers generally may rely until the promulgation of final regulations, that, in certain circumstances, could reduce the likelihood that a Reference Rate Replacement would result in a "deemed exchange" of the affected Notes. Moreover, the Internal Revenue Service has issued guidance that sets forth certain safe harbours pursuant to which replacing a rate based on LIBOR with an alternative method or index would not result in a deemed exchange. However, there can be no assurance that these regulations, in either their current form or as finalised, or this guidance, will provide any relief from the tax consequences described above if a Reference Rate Replacement is effected. Prospective U.S. Holders should consult their own tax advisers regarding the application of these rules in their particular circumstances.

Information reporting and backup withholding

A U.S. Holder may be subject to information reporting on amounts received by such U.S. Holder from a payment on, or disposition of, the Notes, unless such U.S. Holder establishes that it is exempt from these rules. If a U.S. Holder does not establish that it is exempt from these rules, it may be subject to backup withholding on the amounts received unless it provides a taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, **provided that** the required information is timely furnished to the IRS.

U.S. Holders should consult their tax advisers about any additional reporting obligations that may apply as a result of the acquisition, holding or disposition of the Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A U.S. HOLDER'S PARTICULAR SITUATION. U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISERS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. FEDERAL OR OTHER TAX LAWS.

Certain ERISA considerations

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") imposes certain requirements on "employee benefit plans" (as defined in ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), prohibit certain transactions involving the assets of an ERISA Plan (Section 4975 of the Code also imposes prohibitions for certain plans that are not subject to Title I of ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "**Plans**")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. Accordingly, each original or subsequent purchaser or transferee of a Note that is or may become a Plan is responsible for determining that its purchase and holding of such Note will not constitute a prohibited transaction under ERISA or Section 4975 of the Code.

To the extent the purchaser and holder of any Note is a Plan, at any time when regulation 29 C.F.R. Section 2510.3-21, as modified in 2016, is applicable, will be deemed to represent that none of the Issuer, Arrangers, Dealers, or Trustee or other persons that provide marketing services, or any of their affiliates (each, an "**ERISA Transaction Party**", and collectively, the "**ERISA Transaction Parties**") has provided or will provide advice with respect to the acquisition or holding of the Notes by the Plan and that the decision to acquire or hold the Notes has been made by one or more persons which (a) meets all of the requirements of an "independent fiduciary with financial expertise" as described in 29 C.F.R. Sec. 2510.3-21(c)(1), (b) is responsible for exercising independent judgment in evaluating the transaction and (c) it is not paying any fee or other compensation to an ERISA Transaction Party for investment advice (as opposed to other services) in connection with the transaction. In addition, such fiduciary will be deemed to acknowledge and agree that it (i) has been informed (and it is hereby expressly confirmed) that none of the ERISA Transaction Parties has provided, and none of them will provide, impartial investment advice and they are not giving any advice in a fiduciary capacity, in connection with the investor's acquisition or holding of Notes and (ii) has received and understands the disclosure of the existence and nature of the financial interests contained in this Programme and related materials. Notwithstanding the foregoing, any Plan fiduciary which is directing his or her own individual retirement account shall not be deemed to represent that it holds, manages or controls total assets of at least U.S. $50 million.

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA IMPLICATIONS OF AN INVESTMENT IN THE NOTES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISERS PRIOR TO INVESTING IN THE NOTES TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

The Proposed Financial Transaction Tax

On 14 February 2013, the European Commission published a proposal for a Directive for a common Financial Transaction Tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a "**participating Member States**"). However, Estonia has ceased to participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member

State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated programme agreement dated 13 September 2021 (the "**Programme Agreement**"), agreed with the Bank a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

The Arrangers and Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Arrangers and Dealers or their respective affiliates may have performed investment banking and advisory services for the Group from time to time for which they may have received customary fees and expenses. The Arrangers and Dealers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Group in the ordinary course of their business. In the ordinary course of their various business activities, the Arrangers and Dealers and their respective affiliates may make or hold a broad array of loans or other investments and actively trade debt securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Group.

If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and the Arrangers and Dealers or any affiliate of the Arrangers or applicable Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arrangers or such Dealer or such affiliate on behalf of the Issuer or holders of the applicable securities in such jurisdiction.

In order to facilitate the offering of any Tranche of the Notes, one or more relevant Dealers named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Transfer restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A; (b) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter; or (c) it is outside the United States and is not a U.S. person;

(ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(iii) that, unless it holds an interest in a Regulation S Global Note and is a non-U.S. person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so only: (A) to the Issuer or any affiliate thereof; (B) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (C) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or (E) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

(iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in sub-paragraph (iii) above, if then applicable;

(v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(vi) that either: (i) it is not acquiring the Note (or a beneficial interest therein) with the assets of an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to the provisions of Title I of ERISA, any "plan" as defined in and subject to Section 4975 of the Code, any entity whose underlying assets include "plan assets" of any of the foregoing or a U.S. governmental plan, church plan or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"); or (ii) the acquisition, holding and disposition of such Note (or a beneficial interest therein) will not give rise to a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of Similar Law;

(vii) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE NOTES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL "**ACCREDITED INVESTOR**" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN "**INSTITUTIONAL ACCREDITED INVESTOR**"); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE (OR A BENEFICIAL INTEREST HEREIN), EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT

OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER: (a) IT IS NOT ACQUIRING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WITH THE ASSETS OF AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, ANY "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING OR A U.S. GOVERNMENTAL PLAN, CHURCH PLAN OR NON-US PLAN THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW.

THIS NOTE AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF THE NOTES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS NOTE OR TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS NOTE SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THE NOTES AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON)";

(viii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only: (i) outside the United States in compliance with Rule 903 or 904 under the Securities Act; or (ii) to a QIB in compliance with Rule 144A, in each case in accordance with all applicable U.S. state securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE

PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER: (a) IT IS NOT ACQUIRING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WITH THE ASSETS OF AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, ANY "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING OR A U.S. GOVERNMENTAL PLAN, CHURCH PLAN OR NON-US PLAN THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW";

(ix) if a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and the Arrangers and Dealers or any affiliate of the Arrangers or applicable Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arrangers or such Dealer or such affiliate on behalf of the Issuer or holders of the applicable securities in such jurisdiction; and

(x) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by Section 4(a)(2) or Regulation D of the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form. See "*Form of the Notes*".

The IAI Investment Letter will state, amongst other things, the following:

(i) that the Institutional Accredited Investor has received a copy of the Base Prospectus and such other information as it deems necessary in order to make its investment decision;

(ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Base Prospectus and the Notes (including those set out in the section "*Transfer restrictions*" under "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with such restrictions and conditions, the Securities Act or any other applicable U.S. state securities laws, and the applicable securities laws of any other jurisdiction;

(iii) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;

(iv) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;

(v) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and

(vi) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.$500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) principal amount or, in the case of sales to Institutional Accredited Investors, U.S.$500,000 (or the approximate equivalent in another Specified Currency) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or, in the case of sales to Institutional Accredited Investors, U.S.$500,000 (or the approximate equivalent in another Specified Currency) principal amount of Registered Notes.

Selling restrictions

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury Regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the U.S. Treasury Regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided by Regulation S ("**Regulation S Notes**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Registered Notes to QIBs pursuant to Rule 144A and each such purchaser of Registered Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Registered Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Prohibition of sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression retail investor means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of United Kingdom domestic law by virtue of the EUWA; and

(b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other UK regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Nigeria

This Base Prospectus and the Notes have not been and will not be registered with the Nigerian SEC or under the Nigerian ISA. Further, neither this Base Prospectus nor any other offering material related to the Notes may be utilised in connection with any offering to the public within Nigeria, and the Notes may not be offered or sold within Nigeria to, or for the account or benefit of, persons resident in Nigeria, except to the extent that the Notes have been registered with the Nigerian SEC and its written approval obtained in accordance with the provisions of the Nigerian ISA, the Nigerian SEC Rules and other Nigerian securities law and regulations. Accordingly, this Base Prospectus is not directed to, and the Notes are not available for subscription by the public in Nigeria, other than select investors to whom the Base Prospectus has been addressed as a private sale, or domestic concern, within the exemption and meaning of Section 69(2) of the Nigerian ISA.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, subject to the provisions of the Nigerian ISA, the Nigerian SEC Rules and regulations made thereunder, it will not offer, sell or deliver the Notes within Nigeria as part of their distribution at any time.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes may not be circulated or distributed, nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (1) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA; (2) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

(c) securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments)(Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Bank, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Bank, the Trustee or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the relevant Drawdown Prospectus or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

The update of the Programme was duly authorised by a resolution of the Board of Directors of the Bank dated 28 June 2021. All necessary corporate and regulatory approvals will be obtained by the Bank prior to each issuance of Notes under the Programme.

Legal Entity Identifier

The legal entity identifier code of the Issuer is 029200328C3N9YI2D660.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List of the FCA and to trading on the main market of the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to London Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to its Official List of the FCA and to trading on the main market of the London Stock Exchange.

Documents available

For the period of 12 months following the date of this Base Prospectus, electronic copies of the following documents will, when published, be available for inspection at the registered office of the Bank and from the specified offices of the Paying Agents for the time being in London and on the website on the Issuer at www.accessbankplc.com :

(i) the constitutional documents of the Bank;

(ii) the consolidated audited annual financial statements of the Bank in respect of the financial years ended 31 December 2020, 2019 and 2018, together with the audit reports prepared in connection therewith;

(iii) the most recently published audited financial statements of the Bank, together with the audit reports prepared in connection therewith;

(iv) the most recently published interim financial statements of the Bank;

(v) this Base Prospectus; and

(vi) any future Base Prospectus, Drawdown Prospectuses, information memoranda and supplements including Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms or the applicable Drawdown Prospectus. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Final Terms or the applicable Drawdown Prospectus. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms or the applicable Drawdown Prospectus.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B 1210 Brussels, Belgium. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, USA.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or material change

There has been no significant change in the financial performance or financial position of the Bank or the Group since 30 June 2021, which is the latest publicly available financial information and there has been no material adverse change in the prospects of the Bank or the Group since 30 June 2021, which is the latest audited financial information.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Bank or the Group.

Material Contracts

The Issuer has not entered into any material contract outside the ordinary course of its business that could result in the Issuer being under an obligation or entitlement that is material to its ability to meet its obligations in respect of any Notes issued under the Programme.

Independent Auditors

The auditors of the Bank are PricewaterhouseCoopers, Nigeria, a member of the Institute of Chartered Accountants of Nigeria, who have audited the Bank's consolidated financial statements in accordance with International Standards on Auditing as of and for the financial year ended 31 December 2020, 2019 and 2018 and the interim periods ended 30 June 2021 and 2020.

The auditors do not have any material interest in the Bank.

Dealers transacting with the Bank

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Bank and the Bank's affiliates in the ordinary course of business.

INDEX OF DEFINED TERMS

INDEX TO FINANCIAL STATEMENTS

THE BANK
Access Bank Plc
Access Tower
14/15 Prince Alaba Oniru Street
Victoria Island Lagos Nigeria

ARRANGERS AND DEALERS

Absa Bank Limited
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South Africa

Barclays Bank Plc
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Renaissance Securities (Cyprus) Limited
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Nicosia 1065
Republic of Cyprus

Mashreqbank psc
Mashreqbank Global Headquarters
Al Umniyati Street
Burj Khalifa Community
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Dubai

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United Kingdom

DEALERS AND FINANCIAL ADVISERS TO THE ISSUER

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Nigeria

Coronation Merchant Bank Limited
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Victoria Island
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Nigeria

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United Kingdom

TRUSTEE

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London E14 5LB United Kingdom

PRINCIPAL PAYING AND TRANSFER AGENT

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London E14 5LB
United Kingdom

REGISTRAR
(for Registered Notes)

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1 North Wall Quay
Dublin 1
Ireland

PAYING AND TRANSFER AGENTS
(for Registered Notes)

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United Kingdom

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United Arab Emirates

INDEPENDENT AUDITORS

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